

OVERSEAS NEWS

UAE seeks higher price for oil exports

By James Bouchon in Jeddah THE CHAOS in the pricing structure of the Organisation of Petroleum Exporting Countries and the divisions within the organisation worsened yesterday in Jeddah when the United Arab Emirates indicated that it will seek to re-establish the price differential on its crude. Dr. Mana Said Otaiiba, the UAE Oil Minister, also warned that the UAE will no longer feel itself bound by OPEC decisions if the present flouting of them by producers continues. Dr. Otaiiba said that the UAE is seriously considering reducing its oil production next year, as Kuwait and Libya have also threatened. UAE production is now 1.4m barrels a day, but the loss of as little as 500,000 b/d would seriously increase upward pressure on prices. The statement was made in Jeddah to the official Saudi press agency, and given the traditional alignment between Saudi and UAE oil policies, it is conceivable that he was speaking with-out Saudi knowledge. Since July 1, the UAE's main crude variety, Abu Dhabi Murban has been sold at \$21.56 a barrel. Because of its low sulphur content at 39 degrees API, it is relatively easy to refine and thus more expensive than heavier crude. This differential became meaningless last month when Iran lifted its 24 degrees API Iranian Light to \$23.50—which was within the ceiling but unrealistic in terms of the price structure. Dr. Otaiiba said: "The price we charge for our oil—i.e. \$21—has become obsolete." "The UAE's present oil production is extremely high and cannot possibly be sustained," Dr. Otaiiba added. But he left the final decision whether, and by how much, to cut present production until next month's OPEC meeting in Caracas.

Iraq 'plans to double size of navy'

BAGHDAD—Iraq is planning to double the size of its navy as part of an ambition to assert itself as the dominant power in the Gulf, according to European diplomatic sources here. The Iraqis are believed to have presented shopping lists for naval equipment to suppliers which range from the Soviet Union to France, Britain, and Spain. The equipment requests, the sources say, would roughly double the size of the navy, reflecting Iraq's desire to become leader of the Gulf, a role which has been vacant since the Shah of Iran was ousted last February. Iraq's shopping list includes frigates, missile-equipped fast attack craft, torpedo boats, tank landing craft, speed boats and a variety of electronic monitoring and guidance equipment, according to European sources with access to the Iraqi naval establishment. The Iraqi leadership under Saddam Hussein, the tough, 42-year-old former underground fighter who became President in July, regard the strengthening of the 4,500-strong navy as a high-priority task. "It is obvious that Iraq wants to be the leader of the Gulf,"

said a Western envoy. "It is equally obvious that the leaders here are deeply worried about Iran." That concern deepened last September when the 28,000-strong Iranian navy staged a six-day exercise in the Gulf, the first since the overthrow of the Shah. The exercise, which was denounced in Baghdad, lent urgency to Iraq's plans to build up its navy. "They are in a hurry," one diplomat said.

"They have presented similar lists to a number of countries and are now comparing prices but speed of delivery will play a major role in their decision." The Iranian naval manoeuvres jolted Arab states on the western shore of the Gulf into consultations on the security of their area which is vitally important to the West. In what diplomatic observers here see as a major setback to Iraqi ambitions in the region, the six Gulf states meeting in

the Saudi Arabian mountain city of Taif last month pointedly failed to invite Iraq. The meeting grouped Saudi Arabia, Kuwait, Qatar, Oman, the United Arab Emirates and Bahrain. Topics included an Omani proposal for Western participation in assuring the security of the Gulf's oil routes. A Saudi statement at the end of the conference indicated that the Omani proposal had been turned down. Reuter

Israel seeks Cairo energy deal

BY ROGER MATTHEWS IN CAIRO

MR. EZER WEIZMAN, Israel's Defence Minister, will see President Anwar Sadat today in another effort to resolve the dispute over the price Israel will pay for Egyptian oil. Egypt has agreed to supply Israel with 2m tonnes each year under the terms of the peace treaty. Israel is understood to be offering about \$23.50 (£11.40) a barrel, while Egypt is demanding a figure much closer to the \$32.50 that it has received for some months on the Rotterdam spot market. In the past few weeks Egypt is believed to have

been getting up to \$40 a barrel for specific shipments, and this may well widen its negotiating stance with Israel. The selection of Mr. Weizman, not a man noted for his knowledge of the oil industry, to negotiate with Mr. Sadat thus becomes even more important. The Israelis are obviously counting on the personal rapport between Mr. Weizman and President Sadat to overcome the difficulties—a tactic that has not been lost on senior Egyptian officials. They fear that Mr. Sadat may

be persuaded to sell the oil at a price that will reduce the major impact that crude sales have been having on the Egyptian balance of payments. Latest estimates show that Egypt may earn more than \$1.1bn from oil sales this year and that this will push the external account into overall balance in 1979. Egypt is officially forecasting earnings of about \$900m. With Israel due to hand back the Alma oil field in the Gulf of Suez later this month an agreement on price is needed fairly quickly.



Herr Genscher... plea to Eastern Europe

Genscher attacks Eastern 'threats'

By Roger Boyes in Bonn

HERR HANS Dietrich Genscher, the West German Foreign Minister, yesterday stressed that Bonn was willing to hold arms control talks with the Warsaw Pact countries. Appealing to the East to stop issuing "threats," Herr Genscher said this would lead to a "deteriorating climate" and cast doubt on the constructive aspects of the recent speech by Mr. Leonid Brezhnev, the Soviet leader. His statement was a response to the flurry of criticism from the Soviet Union and East Germany over the past few days. On Saturday, Pravda, the Soviet Communist Party newspaper, accused Herr Genscher of misleading the West German public about the balance of medium range weapons in Europe and of ignoring Mr. Brezhnev's offer to withdraw troops and tanks from East Germany. Earlier, Herr Erich Honecker, the East German leader, warned that an expected decision by NATO in December to produce and eventually deploy new medium range weapons in Europe would have "negative results" for East-West relations and for East and West German relations. Herr Genscher said yesterday that the new weapons—Pershing 2 and Cruise missiles—enable of reaching the Soviet Union—could not, for technical reasons, be deployed before the middle of 1983 at the earliest. This gave both NATO and the Pact several years to reach agreement controlling deployment of their respective weapons. But it also meant that the Soviet Union had until 1982 to increase the number of SS-20 missiles in the Western parts of the country and thus consolidate its superiority in the East-West balance of medium range weaponry. This, said Herr Genscher, was the real complicating factor in future negotiations. There has been some concern in Bonn that the Brezhnev speech would discourage a few of the NATO allies—namely Holland—from agreeing to the production and stationing of new nuclear weapons in Europe. This could cause political problems for Bonn because it is determined not to be the only Continental non-nuclear power with Euro-strategic weapons on its soil.

Italy willing to increase \$1bn credit to China

BY PAUL BETTS IN ROME

ITALY IS willing to increase the \$1bn eight-year credit line it granted to China last May to simplify economic and commercial co-operation between the two countries. This appears to be the first major result of the four-day Italian visit of Hua Guofeng, the Chinese Chairman, who arrived here on Saturday on the last leg of his European tour. After preliminary talks with Sr. Francesco Cossiga, the Italian Premier, and Italian economic ministers, it emerged that China is particularly interested in Italian co-operation for the modernisation of its agricultural sector. In this respect, the visit is expected to consolidate already advanced negotiations between China and the Turin Fiat car group for an eventual deal estimated at some \$400m, whereby Fiat would supply tractors to China and modernise existing Chinese agricultural machinery plant. Mr. Yu Qilin, the Chinese Deputy Prime Minister, flew to Turin yesterday to visit Fiat plants and other factories specialising in agricultural machinery and machine tools. Italian officials yesterday emphasised that China was interested in co-operation in a number of other key industrial sectors and in Italian technology in the telecommunications field. However, it is also understood that China is negotiating the eventual purchase of Italian light naval and air equipment for its armed forces. Chairman Hua renewed his attack against Soviet Union hegemony at a state banquet to his honour on Saturday night. Without specifically mentioning the Soviet Union, he warned Italy of the growing military threat facing Western Europe. His remarks do not appear to

have unduly embarrassed the Italian authorities who are, in any event, expecting the Chinese Chairman to make a further political statement before he leaves Italy tomorrow. There appears to be considerable interest here over the meeting between the Chairman and Sr. Enrico Berlinguer, the Italian Communist Party leader, at a dinner being held at the Chinese Embassy in Rome tonight. Although Chairman Hua will not be having any formal talks with Sr. Berlinguer, his presence at tonight's function is regarded as further evidence of the improving relationship between China and the Italian Communist Party. Until recently, relations have been lukewarm because of Chinese criticism of the Italian party's links with Moscow. Chairman Hua spent yesterday visiting Venice—the city of Marco Polo, the celebrated traveller whom the Chinese Chairman has not failed to refer to as an example of a deep-rooted association between China and Italy. Chairman Hua said on his arrival that he was at last repaying Marco Polo's visit to China in the 13th century. Italians have not failed to point out, however, that while it took Marco Polo (who, incidentally, brought spaghetti back with him) three years to reach China, it has taken some 700 years for a Chinese Head of State to come to Italy. Huang Hua, the Chinese Foreign Minister, yesterday paid a courtesy call to the tiny independent republic of San Marino, one of the smallest countries in the world and one of the first to recognise the Republic of China.

Black union blow to S. African labour laws

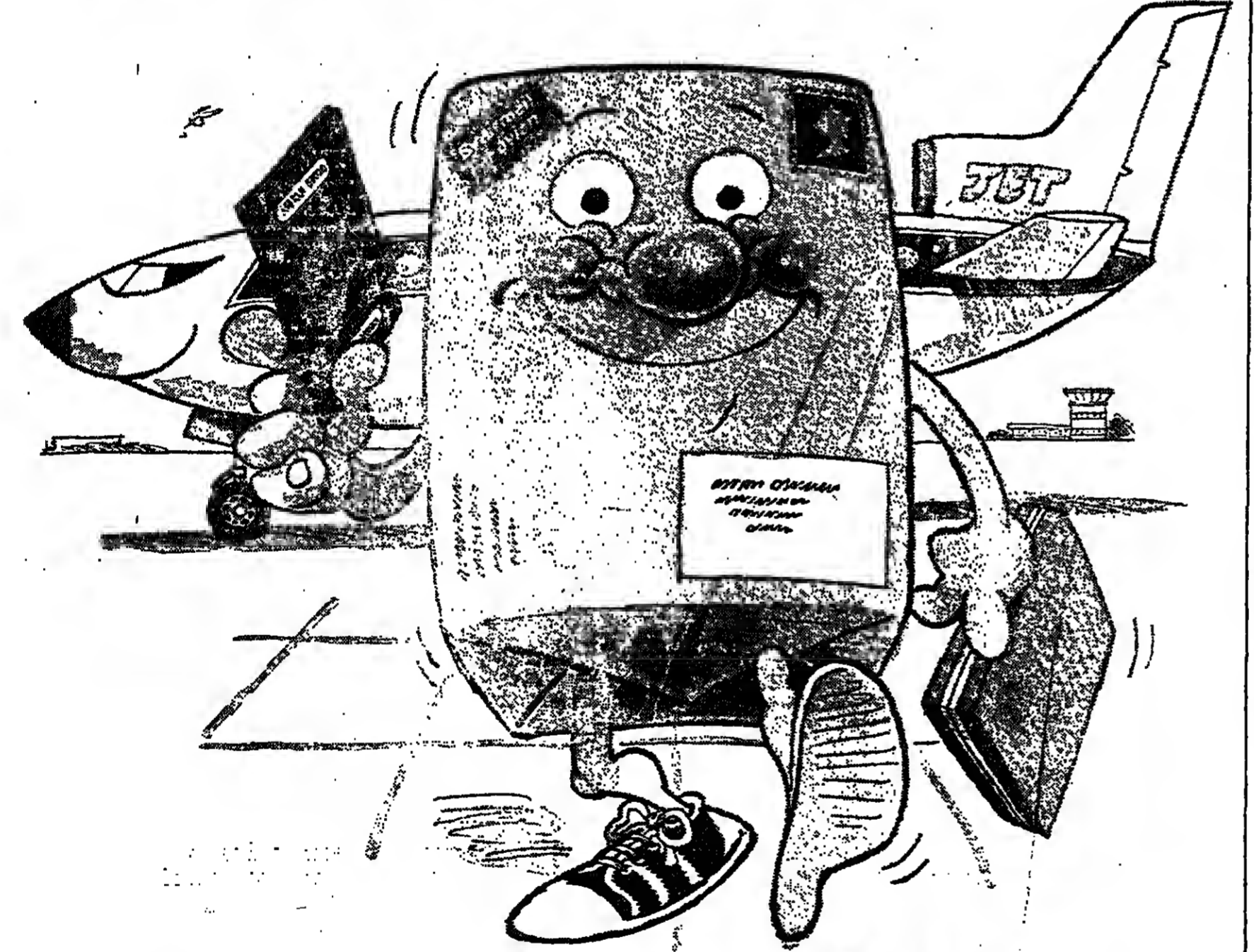
BY QUENTIN PEEL IN JOHANNESBURG

THE MAJORITY of independent black trade unions in South Africa decided at the weekend not to register under the new Labour dispensation unless they are allowed to remain non-racial in both membership and control. If they are refused registration on that basis it will leave a big hole in the South African Government's attempt to bring black workers' organisations within the labour laws. The decision by 17 unregistered black unions is the most representative black response so

far to the proposals of the Wiehan Commission which argued that black unions should be recognised within the law. However, several other black unions—the so-called parallel unions—organised under the umbrella of existing white trade unions—are expected to register. The weekend meeting involved 14 unions belonging to the Federation of South African Trade Unions (FOSATU) and three other black unions based in the Cape Province. There are about 20 black unions currently operating in the country

outside the labour laws. The 17 unions decided on three preconditions for registration. Apart from insisting on their unions being allowed to remain "completely non-racial" in their membership and control, they also demanded that "provisional registration," as proposed by the Government, be done away with in favour of final registration. They also called for existing unions to be recognised and said that registration should not be used as a means of fragmenting the union movement.

The other issue which has concerned the black unions is that migrant workers from the tribal homelands, who make up at least one third of black workers in the country, are not granted the automatic right to belong to trade unions. The independent unions are also concerned that both Government and individual managements—particularly of foreign multinationals—will actively encourage the more conservative parallel unions and thus try to eliminate the independent union movement.



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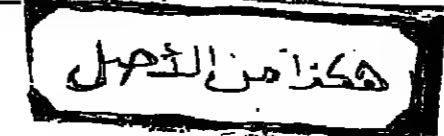
Royal Mail OVERSEAS SERVICES

Resistance grows to Bolivian army coup

LA PAZ — Two Bolivian Air Force fighter jets strafed La Paz last night, flying over San Francisco Plaza where students and workers opposed to the four-day-old military regime were gathered. The plaza was surrounded by about 20 tanks and armoured cars, and cannon fire from one of the armoured units was heard. The plaza is five blocks from the Presidential Palace, headquarters of Colonel Alberto Natusch, who declared himself President after leading a coup against Bolivia's civilian Government last Thursday. Students and workers building barricades on Saturday night were dispersed by soldiers, who fired at civilians for about five hours. The Bolivian Red Cross and the central hospital said at least 20 persons were killed and 40 wounded. Early yesterday Col. Natusch declared martial law, a curfew and press censorship throughout Bolivia, as speculation mounted that dissident military units were planning a counter-coup against him.

Heavy shooting broke out around the Presidential Palace, and at least three people were killed and eight injured as elements of the armed forces tried to seize the Palace. In a television address, Col. Natusch said he imposed the rigid regime because "anti-democratic and anti-social sectors" were trying to "change our way of life for a totalitarian and anti-national version." Polig in the eastern city of Cochabamba were reported to have declared themselves in rebellion against the Natusch Government yesterday. The National Labor Confederation called a general strike on Thursday in protest of what its leader called the "fascist" military takeover. Sr. Walter Guevara, the civilian President deposed in the coup, was still in hiding with his entire Cabinet. Agencies

Advertisement for Elettronica S.p.A. Rome. Features a \$10,000,000 Five Year Loan. Lists various banks and agents, including Loeb Rhoades Shearson International, Nagrat Bank Limited, Banca di Santo Spirito (Luxembourg), Banca Unione di Credito, Banco de Bilbao S.A., Grunding Bank GmbH, London & Continental Bankers Limited, Monte dei Paschi di Siena, J. Henry Schroder Bank & Trust Company, Société Générale Alsacienne de Banque, Grunding Bank GmbH, Banca Nazionale dell'Agricoltura, J. Henry Schroder Bank & Trust Company. Includes text: "This announcement appears as a matter of record only." and "October 1979".



UN groups call for Kampuchean independence

By Our UN Correspondent

RIVAL VIETNAMESE and Asean proposals circulated in the United Nations yesterday, each with the stated aim of establishing Kampuchea's right to chart its own political course.

This would call in part on all states to refrain from any activity detrimental to the Kampuchean people's exercise of self-determination and to their independence, and reaffirm that any problem concerning Kampuchea and other south-east Asian countries should be settled by them without foreign interference.

China deal for Chicago company

BY MARALYN EDID IN CHICAGO

THE CHICAGO business community has strengthened its developing trade and investment ties with China, when an official Chinese delegation left the city at the weekend carrying two new agreements.

Indonesia-Tokyo in LNC pact

BY WONG SULONG IN KUALA LUMPUR

AN AGREEMENT confirming intent to purchase liquid natural gas (LNG) was signed here at the weekend between Berhad of Malaysia, the Tokyo Gas Company, and the Tokyo Electric Company.

Aluminium giants in Kwangsi smelter bid

By Robert Gibbens in Montreal

ALUMINUM industry officials say the three major Western light metal producers, Alcan Aluminium, Aluminum of America and Pechiney of France, have offered technology and other forms of help to China for the 600,000 tons yearly smelter planned for Kwangsi.

Sabena to buy three A-310 Airbus

BRUSSELS — Sabena, the Belgian national airline, has announced the purchase of three A-310 airbuses, and has taken out options to buy three more at a later date, Reuter reports.

Car makers apply brakes

IRELAND FACES an almost certain phasing out of a large part of its motor assembly industry by the late 1980s.

Republic were of British origin. But in 1967, the quota system, which had been nullified by the Free Trade Agreement, was supplanted by a special law to limit the number of fully built-up (fbu) vehicles entering Ireland.

IRELAND'S car-makers have been facing tough times since the 1960s, and the wind-down of their industry has been accelerating since the Republic's entry into the EEC in 1973.

Great Lakes grain trade rates begin to steady

By William Hall, Shipping Correspondent

IN THE dry cargo markets interest continues to centre on the Great Lakes grain trade where rates have more than doubled this year.

Denholm Coates report that rates in the Great Lakes have now consolidated at around \$43 per ton. For ships of around 35,000 dwt, there has also been demand for time charter vessels for the Great Lakes trade and rates of over \$10,000 per day for early tonnage have been reported.

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World Economic Indicators. Table with columns for Sept. 79, Aug. 79, July 79, and Sept. 78. Rows include UK £bn, U.S. \$bn, France Frs bn, West Germany DM bn, Holland Fls bn, Italy Lire bn, Belgium Frs bn, and Japan Yen.

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UK NEWS

Slacker trade likely in textiles and clothing

BY RHYS DAVID, TEXTILES CORRESPONDENT

TEXTILE and clothing manufacturers and retailers are predicting a sharp fall in business over the next four months, and another big decline in the industry's labour force seems likely.

These findings emerge from the latest survey of trends in textiles and clothing published today by the National Economic Development Office and the Confederation of British Industry. It follows closely the gloomy prognosis in last week's CBI survey for trends in manufacturing as a whole.

In spite of the tax rebates which most wage earners will have received at the end of last month, retailing confidence is at its lowest since the joint survey was begun in 1977.

Tough sales in the period before the survey were up in value and volume, some slackening in the rate of growth has taken place since the previous survey four months earlier.

The main problems, according to respondents, appear to have been VAT price rises, the effect of import quotas and oil price increases, and supply difficulties. The slackening is most marked in household textiles, carpets and underwear. Stocks are also up and the rate of stockholding is expected to show a further sharp reduction over the next four months.

In manufacturing 55 per cent of respondents to the survey carried out among more than 400 manufacturers in 20 different product areas, were more pessimistic about the general business situation than four months earlier, while only 7 per cent were more optimistic. The decline in confidence was also reflected in every sector.

There is also considerable pessimism over prospects in export markets, though companies evidently feel—possibly as a result of the recent weakening of sterling—that the situation is no longer deteriorating as rapidly as in July when the last survey was conducted. Orders, output and deliveries are all widely reported by manufacturers as having fallen while stocks have risen and more than half the respondents claim they are now working below capacity. In six sectors more than 80 per cent of those questioned said they were working below capacity.

In six of the upstream sectors—those producing yarns and fabrics for conversion into garments and other products—more than 50 per cent report a drop in employment over the past four months.

More than 5,000 managing directors in the clothing industry have been sent copies of a new booklet published by the clothing economic development committee entitled Money to Make Money.

'Stop car tax dodgers'

BY LISA WOOD

MORE THAN £60m a year is lost in revenue by drivers evading Vehicle Excise Duty, according to the Motor Agents Association.

The association has estimated that the "honest motorist" is probably paying about £4 a year to subsidise those who evade payment of Excise Duty.

Mr. Lionel Altman, the association's taxation panel chairman, in a report to his national council, has called on the Government to catch dodgers, who could total more than 1m.

He said that it was ridiculous that the procedures for relicensing could not be tightened and enforcement stepped up. If the dodgers were forced to pay up, it might even be possible to reduce the Excise Duty.

The board of the airline will be appointed by the shareholders. The Government, through its 51 per cent or more shareholding, will still have a big say, and some of its nominees will also be on the board.

British Airways can fairly claim that it is already committal to the extent that it has to meet intensive (and growing) foreign competition, that it has to borrow cash for equipment and pay commercial

British aviation changes course

THE MOST far-reaching changes in UK civil aviation for many years are expected to follow the Government's Civil Aviation Bill, published this week.

Interest rates, and that it is responsible to Parliament for what it does.

But under the new arrangements, this commercial approach will have to be intensified, for the Government will not be prepared to bail out

In the past, the "guidelines" have been used by many governments to protect the entrenched position of British Airways on world air routes. Only in recent years has this situation been modified, when the "second force" independent

Introduce only after a long legal battle with the Government. Thereafter, the "spheres of interest" concept has been progressively eroded, and the Bill is effectively ending it entirely. Henceforth, any UK airline will be able to apply for any new

In granting new routes, however, the authority will still have to pay regard to the merits of the applicant's case, and to political and other economic circumstances.

It will not, for example, be able to take one airline off a route in favour of another without good reason, and to that extent existing route structures will remain intact. The right of airlines to appeal to the Secretary of State is retained, and in the last resort there is always the law courts. But increasingly, in the competitive environment envisaged by the Bill, the onus will be upon all airlines, State and independent, to demonstrate continuously their fitness to hold their licences and operate their routes.

MICHAEL DONNE, AEROSPACE CORRESPONDENT, predicts far-reaching changes in air travel following the publication this week of the Civil Aviation Bill.

British Airways automatically if it runs into serious financial difficulties.

To that extent, the State airline is probably looking even more carefully at the other major change foreseen in the Bill—the much greater freedom that will be given to the Civil Aviation Authority to conduct all its affairs, from route licensing through to air traffic control, airworthiness and safety matters.

The Government will still control the authority—it will still appoint the key figure, the chairman—but the authority itself will have much greater freedom to appoint its other officers and servants.

But more significantly, the Bill foresees the authority itself virtually shaping future civil aviation policy. By sweeping away the "guidelines" whereby past governments have virtually told the authority what to do, especially in route licensing, the authority is being given the right to chart an entirely new course for civil aviation in this country.

ent flag airline, British Caledonian, was created from the merger of British United Airways and Caledonian Airways, to act as the main independent operator, with British Airways retaining its dominant role.

The pattern was further modified some years ago when the Labour Government created what it called a "spheres of interest" policy, in which large parts of the world were allocated to British Airways and British Caledonian as their main areas of activity.

This policy was bitterly criticised at the time by other independent airlines, who claimed that it gave the best of the UK's international air routes to two airlines, and left the others scrambling for what little remained. They claimed that initiative and innovation were being stifled, and the country's overall civil air transport effort artificially restricted.

It was left to Sir Freddie Laker to break out of these restrictions with his innovative Skytrain, which he was able to

route. This still falls far short of "deregulation" or "freedom of entry," on the American pattern, which many independent airlines want to see in the UK, but it goes far enough to give anyone with enterprise and new ideas a better chance of putting them into practice.

Cover for grounded aircraft proposed

BY MICHAEL DONNE

A PLAN to enable airlines to insure themselves against the net loss of revenues or profits as a result of their aircraft being grounded is now being drawn up by a London-based international aviation insurance group, Sedgwick Forbes Bland Payne Aviation.

Although it has been possible in the past to secure insurance cover for loss of use of individual aircraft following accidents, no insurance market has been willing or able to offer cover for loss of use following the withdrawal of specific aircraft Certificates of Airworthiness, or the grounding of aircraft in the interests of safety.

In the summer, following the DC-10 airliner crash in Chicago in late May, the entire world's fleet of 273 DC-10s was grounded by the U.S. Federal Aviation Administration, and other airworthiness bodies, pending extensive safety checks on the aircraft.

The grounding, which lasted over a month, resulted in substantial revenue losses for the 41 airlines involved.

Set against these losses were savings in unused fuel and other items such as landing fees, but the net loss was still substantial. Laker Airways, for example, estimated that the grounding of its six DC-10s cost it over £13m in lost revenues.

Sedgwick Forbes Bland Payne Aviation is now working out an scheme whereby the London insurance market will be able to accept this kind of risk, and it expects to be able to offer the coverage to airlines within the next month or so.

Initially, the airlines will be expected to carry the first seven days' losses themselves, after which the scheme will offer indemnity up to a further 30 days.

It is envisaged that the indemnity will vary from about \$10,000 a day for a DC-9 or 727 jet, up to about \$25,000 for a Boeing 747, although these figures will depend eventually upon the size of the insurance market that develops.

Agreement on more air services to U.S. sought

BY OUR AEROSPACE CORRESPONDENT

THE POSSIBILITY of increasing the number of flights between the UK and the U.S. will be discussed at talks in Washington today on the Bermuda Two air agreement between the two countries.

The U.S. is expected to ask for Boston to be added to the list of U.S. cities with "dual designation"—that is, being served by two airlines from each country. At present, there are only two such cities—New York and Los Angeles. All the others are served by one airline from each country.

In return, the UK is expected to ask the U.S. to accept that all new services between the two countries should use Gatwick, instead of Heathrow, to ease congestions at the latter.

Another topic will be the future volume of charter flights between the two countries. The existing agreement on such flights is due to expire next spring, and the UK is anxious to have it renewed.

● Air New Zealand and British Airways are to introduce new low season and low price advance purchase fares on routes between London and New Zealand via Los Angeles from December 1.

But Air New Zealand excursion fares are to be increased to cover higher fuel prices and currency fluctuations. The new excursion fare will allow extended stays—up to one year instead of six months—and a four-day stop-over on both outward and return journeys.

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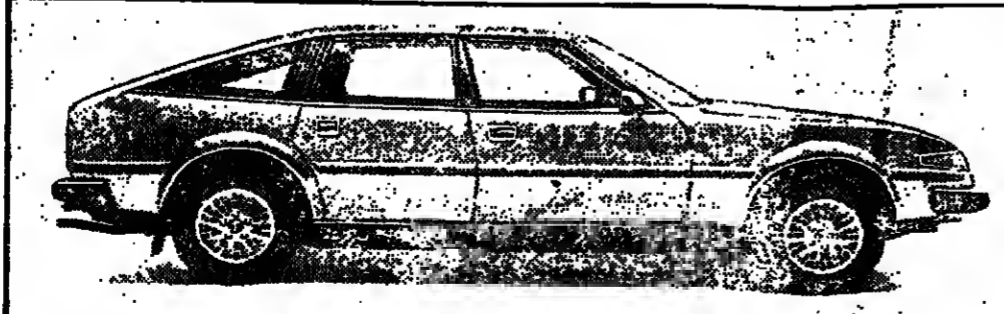
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COMPANY ANNOUNCEMENT

The Board wishes to announce that a recent investigation by the Consulting Engineers of the Company has revealed that a significant discrepancy exists between the sampling results upon which the evaluation of the Randfontein Section was based and current development and stope sampling.

This conclusion has been drawn now that sampling results have become available from the 18 and 24 levels of the Randfontein Section, which levels have recently been re-equipped and re-entered once they have been dewatered. While the re-evaluation of the potential of this area is not definitive and is still underway, sufficient evidence exists to suggest that many of the factors drawn from Randfontein's operations between 1955 and 1964, such as stope and block values and plant recovery factors, were either wrong or misleading. As a result both the tonnages and grade estimates of the ore remaining in the Randfontein Section are over-hest to be marginal. The implications of this conclusion will be investigated and a further statement will be issued when this work has been completed.

Further work on re-equipping 2 North Shaft has in the meantime been suspended.

Operations at the Cooke Section continue as before, and in the company, the tenor of results to be reflected in the Quarterly Report to be published in January 1980 in respect of the quarter ending 31st December, 1979, is likely to be of the same order as that recently published for the quarter ended September 1979.

The operation of the Cooke uranium plant has improved further since the end of the previous quarter, in that this However, full capacity in the plant's acid leach and ion exchange sections is not yet available, so that acceptable uranium recoveries will not be achieved until the new year. This capacity is expected to be available later in the new year.

Present estimates suggest that the Cooke and Millite uranium commitments in due course. The loss of a major part of the anticipated uranium production from the Randfontein Section is a serious setback, but the Company believes that should a shortfall occur in respect of its uranium contract alternative arrangements can be made to meet this commitment.

BERNARD SMITH,
Chairman.

Registered Office:
Consolidated Building,
Cor. Fox and Harrison Streets,
Johannesburg, 2001.
(P.O. Box 590, Johannesburg 2000).

Business graduates favour industry

BY PAUL TAYLOR

THE LONDON Business School has reported a substantial swing towards jobs in manufacturing industry among its new graduates.

More than 60 per cent of its graduates this year have taken jobs in the manufacturing sector, compared with only 35 per cent last year, the school said yesterday.

Last year more graduates favoured appointments in banking and financial services or in trading and service companies. This year only 12 per cent took jobs in banking or financial services, compared with 25 per cent last year and 15 per cent in 1977. The figures show a similar decrease in the number of graduates entering trading and service companies.

The school's figures also show a strong swing towards marketing and general management, which together accounted for 43 per cent of first appointments compared with 28 per cent last year.

The school said production is still not seen as a favoured way of advancement in industry, although some of the finance and planning jobs will probably lead to line jobs in the factory.

Half this year's graduates, who include engineers, scientists, economists and accountants, have been recruited by American companies. Salaries for those accepting jobs in the UK ranged from £6,500 to £13,000, with additional benefits, including cars and mortgages.

The school said recruiting companies continued to place a high emphasis on language ability and experience of overseas business.

Call for public debate over postal monopoly

BY ELAINE WILLIAMS

A FIVE-YEAR public debate should be held over whether to end the Post Office's postal monopoly, according to the periodical publishing industry.

The industry is the Post Office's biggest customer group. In its submission to the Monopolies and Mergers Commission, the Periodical Publishers' Association said that a review was overdue of letter postal services in the London region.

The association claimed that the productivity of the postal workforce had declined in the 1970s. The productivity of other postal systems was superior.

"The Post Office reforms should include the enlarged use of sub-contractors, with whom its efficiency could be compared on a job-by-job basis," said the association.

Satellites will monitor yachts

SATELLITES are to be used next year to keep track of the progress of yachts taking part in the Royal Western/Observer single-handed transatlantic race. Each yacht will carry a transmitter which sends an automatic signal identifying the boat via a satellite to an information collection system called Argos.

Argos is a space programme developed by the U.S. and France and involves NASA, the National Oceanic and Atmospheric Administration and the French Centre National d'Etudes Spatiales.

Each boat will also have sensors which transmit information about atmospheric pressure and air temperature for scientific purposes.

Guarantee guide published

MANUFACTURERS' guarantees are a valuable supplement to the protection which consumers have in law, writes Mr. Gordon Borre, Director General of Fair Trading, in his introduction to Guarantee—a Guide for Manufacturers, published by the Office.

The guide is intended to help bridge the gap between what consumers expect in a guarantee and what manufacturers feel able to provide. It makes recommendations to what a guarantee should contain how it should be worked in the interests of clarity, and what restrictive terms manufacturers should avoid using.

More tax cuts urged

BY PAUL TAYLOR

DIRECT taxation should be further reduced, capital gains and transfer tax abolished, and tax relief should be provided on interest paid on investment loans, the Institute of Directors has told the Government.

The institute's recipe for "a prosperous free enterprise society" is contained in an early Budget submission from Mr. Walter Goldsmith, the director general to the Chancellor of the Exchequer.

Mr. Goldsmith urges the Government "to hold fast to its chosen course of action" and to resist pressures to spend its way out of recession. The institute's detailed proposals include a call for a "progressive reduction" of the absolute level of Government over the next few years and a plea that additional VAT and North Sea oil revenues should be used to reduce basic rate income tax to 25 per cent and top rate tax to 50 per cent.

NEWS ANALYSIS — CLEARING BANKS

Bad debt disclosures could be unlawful

THE REVELATION that the Inter-Bank Research Organisation (IBRO) — the clearing banks' private research group — has concluded that the clearers are overstating their bad and doubtful debt provisions will come as no surprise to bank analysts.

"It was the only intellectually honest thing IBRO could do," was how one interested party summed it up.

The issue is of more than technical importance. If the clearers are overstating their bad debt provisions, they are in breach of the Companies Acts. This is because, by doing so, they must be understating shareholders' funds and quite probably distorting annual reported profits.

An undisclosed excess provision also amounts to a secret reserve. This has been banned by law from company accounts since 1948 after the scandal of the famous Royal Mail Case years earlier.

Looking back, it is easy to see how the clearing banks could have got themselves into such a position. They had been allowed by law the privilege of secret reserves until 1970. But the changeover was not quite so voluntary as some bankers would like to believe.

The new legislation is contained in the Banking Com-

panies (Accounts) Regulations 1970. Quite simply, it puts the preparation of the clearers' accounts on the same basis as those of industrial and commercial companies.

Until their 1978 accounts, the clearers gave no hint to readers of their reports of the size of their bad and doubtful debt provisions. The catalyst last year was the report of the Price Commission, which recommended that the banks should disclose the levels of their general bad debt provisions.

What emerged in the last batch of accounts was not what the Price Commission asked for. Instead, the banks aggregated their general and specific provisions for bad debts and published only the aggregated figures. Analysts in general said they could not make head or tail of the figures. Senior clearing bankers admitted sheepishly they could not fully explain the justification for what was being done. Since then, the general message from the clearing banks has been that the whole area is back on the drawing board.

So far only Barclays Bank has stated publicly that it will give more information about provisions—in its next accounts.

The banks frequently point out that their provisions are not material in relation to total loan advances. That is true. However, analysts make the point that if the provisions are significantly overstated — as IBRO says — the correct comparison for judging materiality is with shareholders' funds and annual profits.

A second, and highly effective way of judging the materiality of excess provisions is to relate movements in excess provisions to movements in annual profits.

The area in which the clearers are most commonly believed to have accumulated excess provisions is under the title of "General Provisions for Bad and Doubtful Debts."

The Companies Acts define a provision as "any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability of which the amount cannot be determined with substantial accuracy."

The crucial point, according to Mr. Richard Yorke, QC, a leading commercial and banking lawyer, is that the liability or loss must be known. Referring to the Barclays and NatWest statement about general provisions, he says in a joint opinion with Mr. Stuart Isaacs,

barrister: "The notion of a bad debt which remains to be identified but which nevertheless can truly and fairly be described as a known liability is difficult, if not impossible, to comprehend."

"Neither can the alternative limb of the definition give the clearing banks any comfort. At first sight it would seem that any amount retained by way of providing for diminution in value of assets—whether known or not—is a legitimate provision."

"But this diminution cannot be plucked out of the air, however convenient it might be. It must clearly be shown to be real and this requires that it be identified or known."

"Assuming in favour of the banks that it is proper to have regard to past experience in order to say that a quantum of current debts, say 11 per cent, is 'known' to be bad, it does not follow that any provision in excess of past experience, no matter how prudent it may be to make it, is within the Companies Acts."

So to the extent to which the clearing banks make general provisions for unidentified bad debts, say Yorke and Isaacs, "they are continuing to create secret reserves." That they know they are doing this is clear from their evidence to the Wilson Committee.

But what are the consequences of all this? Richard Yorke and Stuart Isaacs summarise the position as follows:

"The consequences of a failure to comply with the Companies Acts is that the directors are guilty of an offence under section 149(8) of the 1948 Act which until 1976 attracted a maximum fine of £200 or six months' imprisonment. Since 1976 an offence under the section is punishable by an unlimited fine."

It is still a defence, of course, for a director to prove that he took all reasonable steps for securing compliance with the law.

"At first sight, it might be thought that the employment of competent accountants, and the absence of any protest in the auditors, is a sufficient defence. But in view of the obligation placed on the directors personally to consider the necessity for the amount of the general provision it is doubtful whether this is so."

"On the other hand, it probably would be sufficient for the director to produce the minutes of board meetings at which he was overruled, recording his own objections to the amount of the general provisions based upon their extension to unidentified bad debts."

As for the accounting firms of Price Waterhouse, Ernst and Whinney and Peat Marwick Mitchell whose auditors' reports on the clearers' accounts continue to state in the usual way that the accounts both conform to the requirements of the Companies Acts of 1948 and 1967, and give a true and fair view of the company's state of affairs—Yorke and Isaacs simply say: "The accuracy of each of their reports is questionable."

A final point can be made, as far as the auditors are concerned. As Yorke and Isaacs say, there is an old and famous maxim in common law—*Communis opinio facit jus*—which can be put simply in the form: what everyone believes to be the law is the law. In other words, up to now the auditors of the clearing banks could defend their position on the grounds that nobody questioned the banks' accounting practices. This is no longer the case.

The disclosure of the IBRO comments is likely to regenerate interest in the clearers' accounts at the Department of Trade, which has already held discussions with the banks about the matter. Before this, Department officials had apparently been advised by the DOT solicitor that it would be difficult to prove that the clearers' accounts were in breach of company laws.

Banking Control.

How a Honeywell computer helps a Midlands bank to double its new accounts every month.

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KRISTIANSAND	Gateway to Southern Norway—flights operate Friday and Monday.
MONTPELLIER	Southern France—up to 6 flights weekly.
MUNICH	Route starts May 1980.*
NEWCASTLE	Twice daily jet flights—Monday to Friday.
PERPIGNAN	S.W. France—regular weekly jet flights.
SHANNON	Route commences April 1980*
STRASBOURG	France, Alsace—Friday and Sunday flights.
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Unions gather file on deals to cut hours

BY NICK GARNETT, LABOUR STAFF

UNIONS in the chemical industry are collating details of company settlements which provide immediate reductions in hours or commitments to do so. Mr. David Warburton, General and Municipal Workers' Union national officer, said yesterday that deals which incorporated an immediate shortening of working hours generally meant a reduction from 42 to 37½ hours for shift workers. But some also gave day workers a 37½ hour week.

Most of the companies which have conceded shorter hours are relatively small. They are mainly in the North-west and Midlands. The agreements have also been struck at local plant level and the unions will be asking the companies if they are willing to extend the arrangements company-wide.

Some chemical manufacturers have indicated that they are prepared to reduce hours within the next 12 months. Mr. Warburton said that one large manufacturer, Abright and Wilson, had informed senior stewards that it was prepared to discuss the question of hours.

The unions are due to meet

senior industrial relations representatives from the Chemical Industries Association later this month to discuss the possibility of reconstituting the national chemical industry agreement. This collapsed earlier this year with the breakdown of national pay talks.

The unions want a national agreement reintroduced but this will depend on management and unions agreeing new minimum pay rates.

The unions will want to consolidate any achievements on the issue of hours in the chemical industry during forthcoming pay and conditions negotiations for the paint and rubber industries. They have already informed the Paint Makers Association, which represents about 100 paint manufacturers, that reduced hours will be a major part of the claim. Local union negotiators for the rubber industry have also been advised that they will be pressing for changes in working hours.

The national paint industry agreement is due in January, when three quarters of workers in the rubber industry are also due to settle.

Lorry drivers vote for tachograph-plus pay

LORRY DRIVERS in the Peterborough area voted yesterday to accept the tachograph but to seek extra inflation-linked payments to co-operate with its introduction.

The decision was taken by a mass meeting called by Transport and General Workers' Union officials representing 1,500 men in more than 30 companies.

They accepted a proposal from their shop stewards that it would be futile to fight the tachograph.

Mr. Jack Ashwell, Transport and General national secretary, has advised branches not to go ahead with the first of a series of one-day strikes today over the tachograph pending the decision of a special delegates conference later this week.

May and Baker offer accepted

MEMBERS OF the Association of Management and Professional Staffs at two southern plants of May and Baker, the pharmaceutical company, have accepted a pay offer of 15 per cent.

The agreement, which operates from July, followed intervention by the Advisory, Conciliation and Arbitration Service.

Plea on prison officers' pay

NO INCREASES in prison officers' pay should be made without a pledge from the Prison Officers' Association that it would urge its members to take courses in some form of psychiatric nursing, the

Matthew Trust urged Mr. William Whiteley, the Home Secretary, yesterday.

The Matthew Trust represents several hundred mental offenders in top security hospitals and prisoners with a mental illness background.

NUPE to fight cuts in public services

THE EXECUTIVE of the National Union of Public Employees instructed officers at the weekend to develop a policy of non-co-operation over public service cuts.

Mr. Bernard Dix, assistant general secretary said NUPE's 700,000 members were not prepared in any way to co-operate over spending cuts. Workers would refuse to accept increased duties if workforces were cut or overtime reduced.

"We will not do it. Some of the work will just remain undone," he said.

Mr. Dix did not rule out the possibility of strikes. He indicated, however, that the union would not be prepared to give general support to strike action, but national officers would want to look at each issue as it arose.

The union would be careful not to be led into a trap where a local authority might welcome a strike as a way of saving money.

The executive council said the cuts would "further increase unemployment and reduce living standards at a time of economic recession."

It welcomed the TUC campaign against the cuts and declared its willingness to co-operate with community groups, such as hospital leagues of friends, parent teacher associations and tenants' associations, in a campaign against Government policies.

BL aims to set manning levels and work pace

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL HOPES to press home the advantage gained by the overwhelming workforce support for its redundancy plans in pay negotiations which open today. The company has totally rejected demands for a 30 per cent index-linked increase for the 90,000 car workers.

Management insists that it can afford only a 5 per cent increase plus a self-financing productivity deal. And the price for the package must be a radical change in working methods and an end to restrictive practices.

BL believes the time right for an assault on the powers of shop stewards to control manning levels and the pace of the job—the issue which management maintains is at the heart of the company's poor productivity record.

Shop stewards, who were almost unanimous in their opposition to plans by Sir Michael Edwards, the BL chairman, to close plants and make more than 25,000 workers redundant, realise their authority has been undermined by the workforce ballot, which registered a seven to one decision for the management line.

Union negotiators, while aware of their weakness in the three days of talks which open in Coventry today, believe the reforms demanded by management are so radical that a shop floor revolt is almost inevitable when it comes to detailed implementation.

A clear option for management would be to resort once more to the ballot, as it did with

last year's 5 per cent pay offer. The complication is that part of this year's package is an incentive scheme very similar to one rejected in a previous ballot.

Mr. Geoff Armstrong, employee relations director, has stressed that a quick end to negotiations is important. "We are not playing negotiating games," he said. Industrial action would not force the company to pay more but push it "nearer to the brink."

Questioned

The authority of BL Cars' existing negotiating machinery has been thrown into question by the demand from Sir Michael for "a strong group of top people" to seek new mechanisms to speed up the resolution of disputes.

The issue will be discussed at the next meeting of the executive of the Confederation of Shipbuilding and Engineering Unions on December 6. The confederation has already swung its weight behind pushing through Sir Michael's strategy.

Mr. Alex Ferry, general secretary of the confederation, said last night that, having recommended the plan, there was a responsibility to help with its implementation.

Such official support would provide valuable assistance to BL in effecting the large-scale transfer of work between plants. Opposition by some groups of workers seems inevitable, but the confederation's leadership appears prepared to exercise its authority.

The company has time on its side to the extent that the closures and transfer of work are not scheduled until next year.

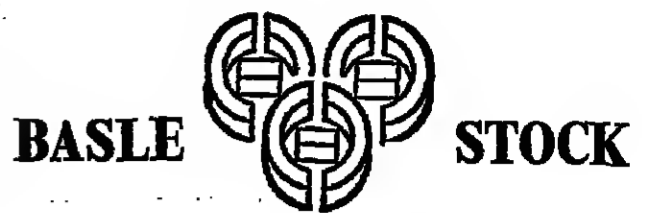
The executive committee of the Transport and General Workers' Union, which recommended its members not to vote for the plan, will review its position on December 3. The union claims to represent 70 per cent of the BL workforce.

TASS, the white-collar section of the Amalgamated Union of Engineering Workers, will also review its stance of total opposition. The staff union will find itself under considerable pressure to lift sanctions, already imposed, which prevent the transfer of designs and plans between plants.

The BL board meets on Wednesday to give official approval to the revised strategy, which is thought to require an additional £200m of state aid to finance acceleration of the model programme, redundancies, and rationalisation.

BR opens new Glasgow line

BRITISH RAIL opens its new Argyle line and seven new stations in Glasgow today. The 4.75-mile line links the city's north and south electrified suburban networks, and will increase the number of trains by about 30 per cent to nearly 900 a day.



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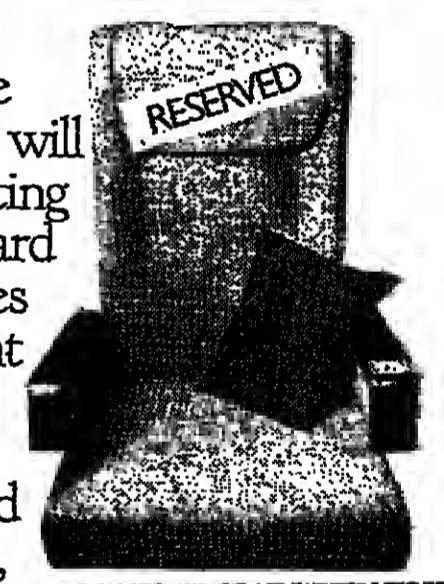
On your way back from the States, at any of the 50 cities served by TWA, you can simply check in your baggage at the kerb-side.

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BANQUE NATIONALE DE PARIS IN KUWAIT

The B.N.P. Group, through its subsidiary BANQUE NATIONALE DE PARIS "INTERCONTINENTALE" has just acquired a 17.5% shareholding in the capital of the ARAB EUROPEAN FINANCIAL MANAGEMENT Co. s.a.k. (AREF), a financial company whose main office is located in Kuwait.

AREF has a 1 million Kuwaiti Dinar (approximately US\$3,650,000) capital, 51% of which are held by representatives of KUWAIT'S commercial and financial circles, and 49% by European interests. The latter include B.N.P., BANQUE INDUSTRIELLE & MOBILIERE PRIVEE and UNION DES ASSURANCES DE PARIS, on the French side; BANQUE CANTRADE ORMOND, BURROS S.A. from GENEVA and ULTRAFIN A.G. from ZURICH, on the Swiss side, as well as HAUCK BANQUIERS LUXEMBOURG S.A.

The B.N.P. Group will be represented within AREF's Board of Directors whose President is Mr. Abdul Aziz Ahmad AL-BAHAR.

Through this acquisition of shareholding, B.N.P. shows once more its concern towards the development of the Franco-Arab financial and commercial relations. B.N.P. thus offers to its customers a wide range of services intended to promote their business not only in the Emirate of Kuwait, but also in all the Middle-Eastern market.

SECOND CITY Properties Limited. Summary of Results Year to 30th April

	1979	1978
Turnover	19,237,912	20,882,817
Operating Profit before taxation	1,066,707	1,081,264
Net Profit after taxation (including extraordinary items)	932,476	962,295
Ordinary dividend	249,653	234,919
Dividend cover (excluding extraordinary items)	4.0	3.9
Profit after tax and dividend	682,823	727,376
Earning Per Share of 10p:		
Basic Earnings	7.48p	6.90p
Fully Diluted Earnings	6.85p	6.33p

Copies of the Report and Accounts can be obtained from The Secretary, Second City Properties Limited, Second City House, Oxford Street, Bilston, West Midlands, WV14 7DU.

Building and Civil Engineering

£4m factory and office awards

CONTRACTS WORTH £4.2m have been won by John Williams Construction and A. E. Snyts Construction.

Jobs include: laboratory building at Saffron Walden for Fison Agrochemical Division, value £920,000; factory extension for V. S. Engineering, Luton, value £347,000; 10 warehouse units at the Caledonian Trading Estate,

Plymouth rail depot

BRITISH RAIL has awarded a £3.5m contract to E. Thomas and Company (subsidiary of the Mowlem Group) to redevelop part of Laira maintenance depot, Plymouth.

Work has just started on the job which includes the demolition of an engine shed, and the construction of a new three-track shed 240 metres long by 22 metres wide, with inspection pits beneath the tracks. The building will be of steel frame and will house High Speed Trains.

House modernisation and sewerage work

CONTRACTS TOTALLING more than £3.5m have been awarded to Bryant Holdings.

Major jobs are for the modernisation of municipal houses. One contract is for Walsall Metropolitan Borough for refurbishing 220 pre-war dwellings in 47 weeks. This is Phase 6 of the Blakenhall area in Blaxwich and is worth £1.5m.

Strength of concrete in sea water

THE DEPARTMENT of Energy has agreed to provide two-thirds of the £900,000 needed to finance the second phase of a concrete-in-the-oceans research programme. Its commitment to the £400,000 is based on the expectation that the Construction Industry Research and Information Association will raise the remaining £200,000 from industrial contributors.

Industrial estate

WORK ON THE £3m first phase of the White City Industrial Park at Wood Lane, London, W12 has begun.

Several jobs for Laing

WORK INVOLVED in contracts worth more than £1.1m awarded to John Laing Construction, includes modernisation of homes, repairs to stores and an extension to a prison.

At the Bull Ring Centre in Birmingham the company has a £200,000 contract to repair fire damage to the roof of the Mecca banqueting suite and, in Worcester, a £100,000 contract to repair fire damage to the Woolworth store.

Warehouse units

THREE SEPARATE contracts worth £2m have been awarded to G. Dew and Co., and cover: design and construction of six warehouse units at Blackrock Estate, Horwich, for Land Securities (Management); design and construction of industrial nursery units for the City of Manchester; and construction of new premises within the area of existing works for Oxley Threads, Guide Mills, Ashton-under-Lyne, Lancs.

Warehouse units

ASSOCIATED DAIRIES has awarded a £2.3m contract to Wimpey for the construction of a superstore complex at Trilwyn, Swansea.

Three awards to Wimpey

Work has just begun and is due for completion in September, 1980. Architects are Holder and Mathias Partnership and the quantity surveyors Bellamy and Wareham.

Another contract for Wimpey is worth about £1m and is from the Swaythling Housing Society of Southampton. This is for the refurbishment of 129 dwellings, at Swaythling and West End, Southampton.

In general, the modernisation programme entails the renewal of fabric as necessary, installation of central heating, electrical rewiring, modernisation of kitchens and bathrooms and general services. Work has started and is due to be finished in August, 1980.

Housing by Taylor Woodrow

PLANNING permission to build 144 houses on sites in two different parts of the UK has been obtained by Taylor Woodrow Homes and Taylor Woodrow Homes (Scotland).

West Country pipelines

THE LARGEST of three contracts with a total value of over £1m awarded to McAlpine Services and Pipelines is worth about £900,000.

Big show in Birmingham next month

THE WHOLE of the National Exhibition Centre in Birmingham will be used to house the 38th International Building and Construction Exhibition (Interbuild 2).

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£3m awards to Kyle Stewart

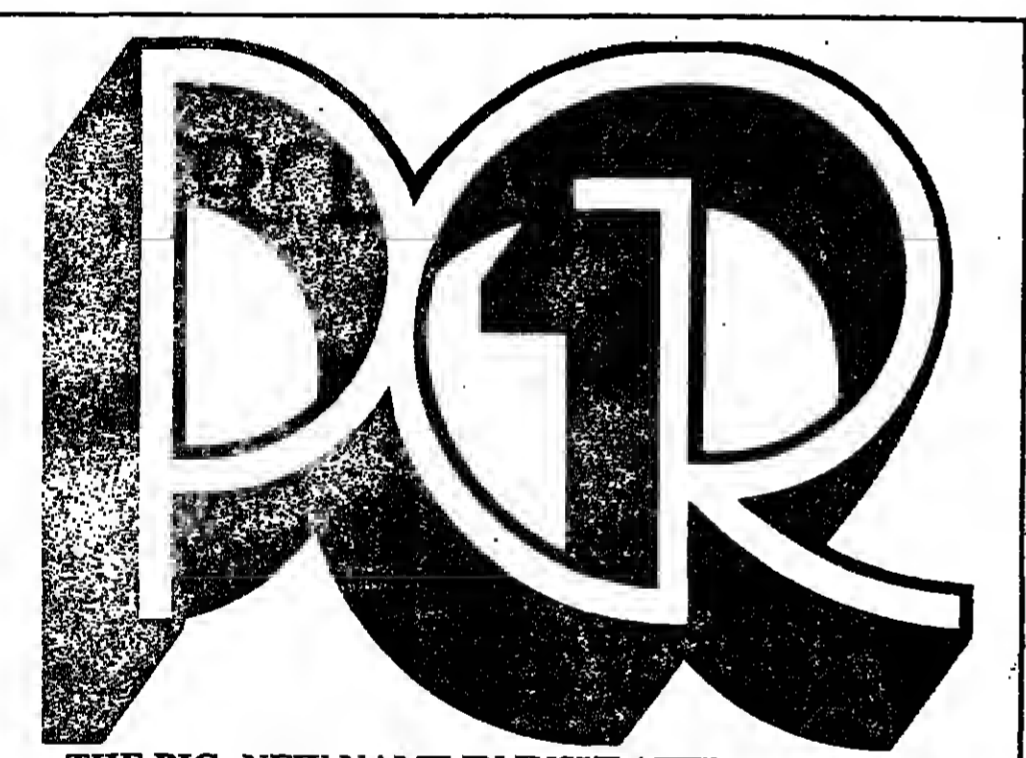
WORK HAS started on a new Asda superstore at Park Royal Road, Park Royal, London.

Big order for water pumps

PUMPING equipment for the Cutzamala (Mexico City) water supply is to be supplied by Compagnie de Construction Mécanique Sulzer.

IN BRIEF

- A UK buying office for building materials and forest products for shipment to Middle Eastern markets has been opened by Wickes (International) AG at Pembroke House, Wellesley Road, Croydon CR9 2BN (01-680 2902).
- Shepher Engineering Services has just started work on the air-conditioning and mechanical services at the Crown Courts at Nottingham for the Property Services Agency. This is worth £250,000.
- Sigmund Pulsometer Projects, member of the SPP Group, is to supply and install all the mechanical and electrical plant for a Wessex Water Authority scheme to upgrade the West Bay Head Works which serves the Bridport and Beaminster areas. Contract is worth £200,000 and has been placed by the Avon and Dorset division of the Wessex Water Authority.
- The RP Pensions Fund has awarded contracts to Walter Lawrence and Son for phase 1 of a refurbishment programme at 10-11 Charles Street, London (valued at £110,000) and similar work at 12-18 Hill Street (value £30,000).
- Bison Concrete is supplying a precast concrete structure and other components for a phase 4 in the development of Heathfield High School at Cradley Heath, West Midlands, to a value of £141,037.



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Midlands get the flavour of France

WHEN THE Coventry-based French House first entered the UK market it wisely shunned costly sites in London and the southern counties. Activities were concentrated in and around industrial spots in the Midlands where the company aimed to attract first-time house buyers and, at the same time, strengthen the principles of its parent company, Groupe Maison Familiale.

France's largest house builder, GMF, was created in 1949 to supply inexpensive housing for those who had suffered devastation of their homes during the war. The company also provided a financing system for local potential owners who found it difficult to start again.

In the UK, French House immediately captured the imagination and means of Midlands home hunters with its distinctive style of house building by the introduction of the "Camerica".

Latin name Camericum for Cambrai—which is the headquarters of the parent company—it has proved an unflinching success.

A little Gallic cunning could have been exercised by naming the house "Balmoral" or "Windsor" perhaps, which might have won a thumbs-up from the authorities. French House, however, played it straight off the bat and is now attempting to appease the planners with its modified design, Normandie.

Present-day buyers, admits the company, are now third or fourth time owners—detached, spacious and definitely different, the home is too up-market for first-time mortgage seekers. Nevertheless, after its success on sites at Bedworth, Leamington Spa, Ashby-de-la-Zouch, Northampton, Wellesborough and other places throughout the Midlands, acceptance of the design is being thwarted by Anglo Saxon attitudes.

Planners in the north west object to the French House winner because they say it is "not in keeping with the English rural scene."

But Lord, to see the absurd nature of Englishmen that cannot forbear laughing and jeering at everything that looks strange.

French House should take consolation from one great Englishman's remark:—"But Lord, to see the absurd nature of Englishmen that cannot forbear laughing and jeering at everything that looks strange."

Samuel Pepys would surely question the strangeness of 20th century Englishmen (albeit those north west of Birmingham) who cavil at a product which has contributed to the company's trebling in size within the past 18 months.

Sites already in operation in the north west are near Leyland Frodsham on the M56 near Runcorn; Hough, a few miles from Nantwich; and a proposed development is at Accrington.

French House is at Manor Court, Manor House Drive, Coventry CV1 2EY (Coventry 56411).

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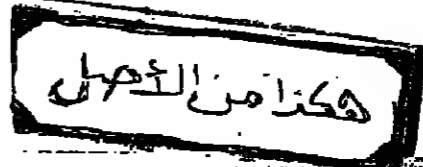
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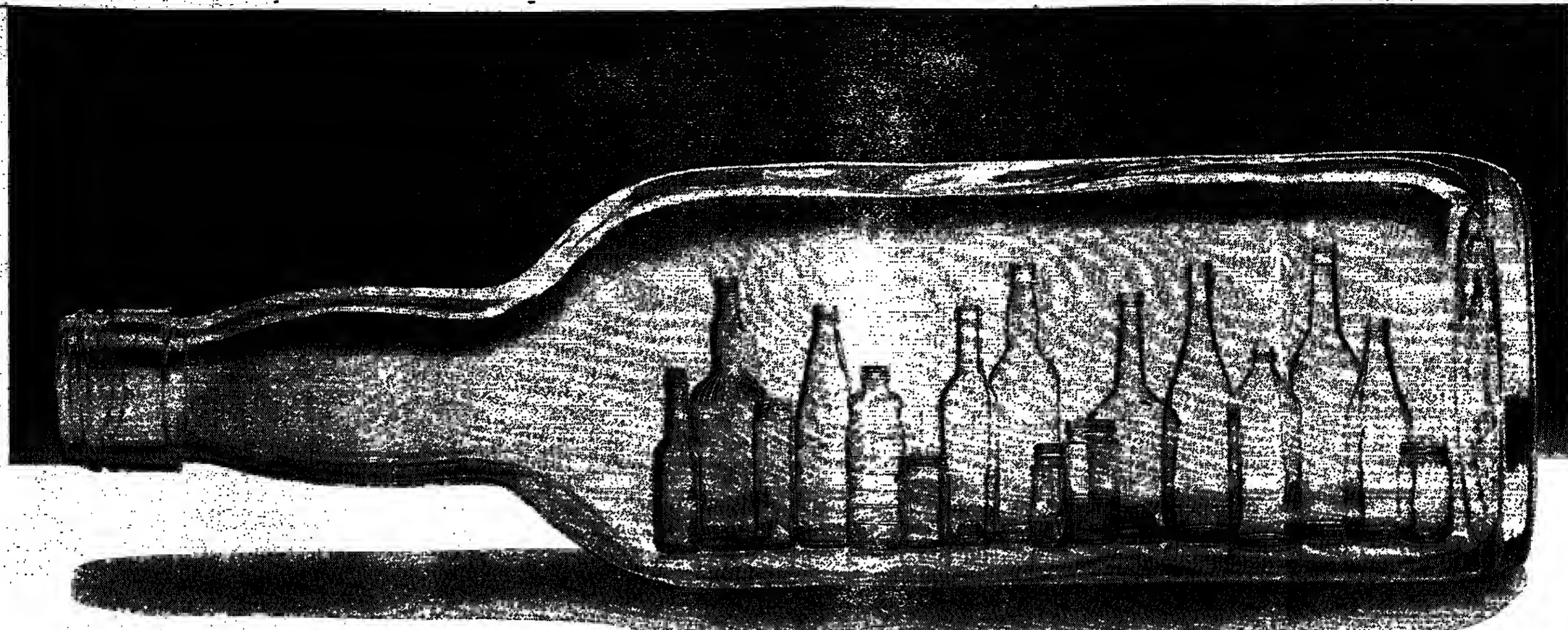
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OUR NEW SAVINGS BANK FOR ENERGY AND RAW MATERIALS.

Every day more and more people are helping the British Glass Container Industry to save energy and raw materials. How?

By responding to a simple, but innovative, appeal by the industry to recycle bottles and jars.

It's called the Bottle Bank scheme. In only two years the industry has collected over 21 million used glass containers. Crushed them. Mixed them with other raw materials and re-melted them to make new glass containers. Making a considerable saving in raw materials and, more important, energy.

EVERYONE BENEFITS

The scheme directly benefits local authorities and their communities.

There is less waste to dispose of, giving a saving in costs and refuse tipping space.

And since the glassworks pay a guaranteed price for every tonne of glass returned to them, what used to cost local authorities money can now make them a profit. Which can be used to help buy kidney machines for the local hospital, or spent on other community projects.

In two years public response to "Save at the Bottle Bank" has developed into the regular habit of saving glass for thousands of people. In fact response has been so great that the glass industry, in co-operation with local authorities, is now expanding the scheme to 200 towns and cities.

Setting a target to recycle 150,000 tonnes of glass a year.

This will reduce the demand for virgin raw materials which, although plentiful in Britain, entails considerable quarrying activities.

But, more important, the use of recycled glass—or cullet as it is called—also reduces the fuel consumption of the glass-making furnaces.

So Britain saves 4,000,000 gallons of oil each year

INVESTING IN THE FUTURE

The Bottle Bank scheme is one of the ways in which the glass industry is looking to the future. Important, but only a part of a major programme of investment.

For example: continuous research into glass melting technology has reduced average fuel consumption by 18% since 1970.

Lightweight bottles such as the daily "pinta," continue to be developed, using 25% less glass, but retaining all the strength of their predecessors. Helping to reduce material and energy requirements accordingly.

NEW ECONOMIC USES FOR CULLET

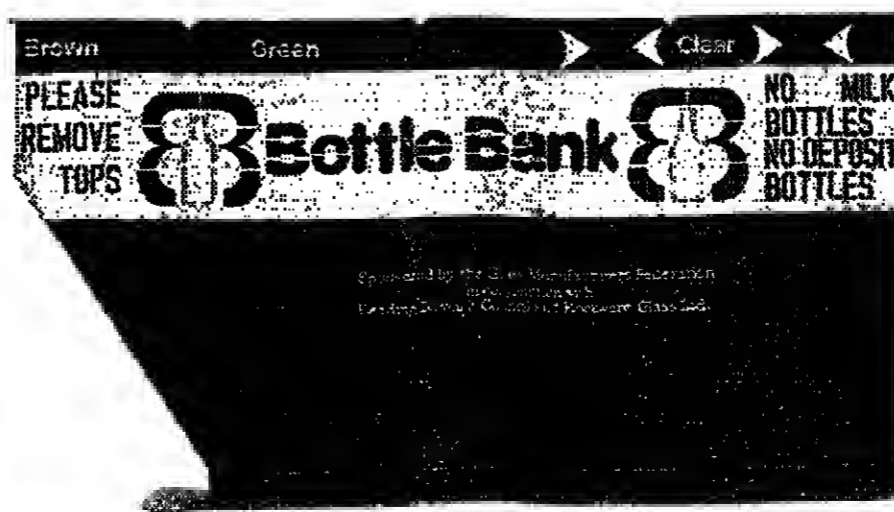
There will always be some parts of Britain which are too far away from the glassworks for recycling to be economical. So the industry has sponsored research into new uses for waste glass. As a result floor tiles and surfacing and cladding materials, containing 75% crushed glass, have been developed. Providing yet another outlet for people's empties. Proving that just because glass is inexpensive, that's no reason to waste it.

RECYCLABLE OR RETURNABLE

All glass can be recycled time and time again, without any quality loss.

But this is not to forget the returnable bottle which frequently offers great economy and efficient use of resources. Over 50% of packaged beer and soft drinks are sold in refillable deposit bottles. The daily doorstep delivery of milk owes its continued existence to the returnable glass bottle.

But by recycling the non-returnables, the glass container industry is saving raw materials, money, and energy.



BANK ON GLASS FOR THE FUTURE.

Glass Manufacturers Federation, 19 Portland Place, London W1N 4BH. Telephone: 01-580 6952.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

MATERIALS

Priming paint for rusty surfaces

AN ANTI-RUST primer called Rustec which has been on the market for about two years has now been incorporated in a solvent-based quick-drying resin paint.

The product is claimed to be particularly suitable for treating rust on vehicles, will adhere on existing cellulose and accept most primers and finishes. It can be over-coated when hard dry which would not be less than two hours after application and most good quality finishing gloss paints can then

be applied.

Application can be by brush, roller or spray directly on to the rusty surface. It is recommended that loose, flaky rust be removed by wire brush—it is not necessary to pretreat light rust although unsound paint films with rust beneath should be removed as Solvent Rustec is only effective if it comes into contact with a rusty surface.

The product is being manufactured by R. J. Hamer, Miles Road, Mitcham, Surrey CR4 5YB (01-648 2064).

HANDLING

Semi-automatic strapper

INTENDED FOR general industrial use but with particular applications in the agricultural, horticultural and fishery industries is a semi-automatic strapping machine from Pakseal Industries, Pakseal House, Cordwallis Estate, Maidenhead, Berkshire (Maidenhead 26381).

Two design features of the Man-O-Mat are: vertical mounting of the strap tensioning and

heat-seal mechanism (which greatly reduces maintenance and cleaning); and the fully adjustable conveyor roller.

The latter allows the machine to be set for strapping one particular product and altered within seconds for a completely different size of pack. Minimum height of pack that can be strapped is three inches while there is no limitation on package lengths.

SAFETY & SECURITY

Aids control of fire

A MAJOR improvement in the safety of heating and ventilation systems on offshore platforms is claimed to have been developed by Offshore Ventilation in the form of an automatically resettable heavy-duty fire damper.

Fire dampers are installed in ventilation ductwork systems to prevent the passage of smoke, flames or gases from one space to another through the ventilation system. The risk of fire on an oil platform is considerably greater than in a normal living/working environment owing to the presence in certain areas of hydro-carbon gases. Fire dampers must be regularly maintained and tested because they play such a vital part in ensuring the safety of personnel and equipment.

The new fire damper can be tested and reset by push button from a central control room and can be operated either electrically or pneumatically. It operates by a system of sliding blades on a gullotine principle and this design permits the damper to be no more than 6 ins. in length (in the direction of airflow), it is stated.

Dampers of this type can be arranged to operate when either smoke or heat has been detected and then remain under the full control of the fire fighting authority who may wish to open and close particular dampers during the course of the fire to alternately clear smoke from an area and then cut off further air supplies.

Dual-role intercom

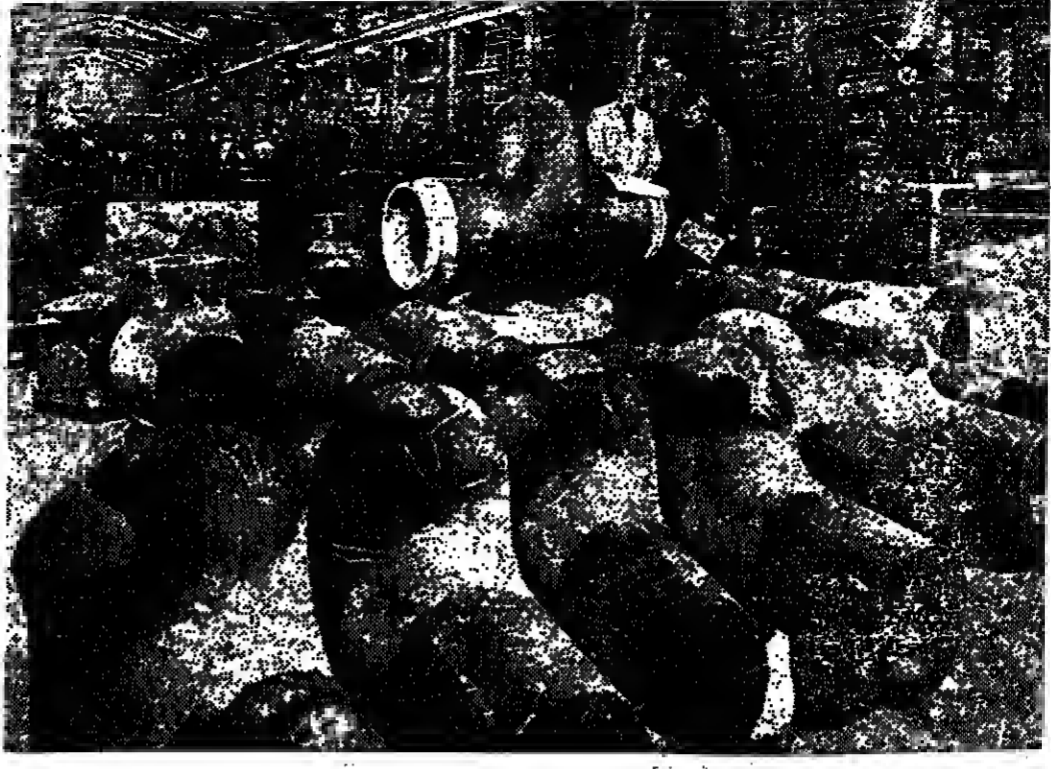
AN INEXPENSIVE intercommunication system offered by ITT Terryphone consists of a master station to which can be connected up to nine sub-units.

Each sub-unit can be called independently from the master, or they can all be called at once. Simple press button operation for calling and for speaking are provided; on the master station a self-latching security button when pressed allows sounds picked up in the

room in which it is installed to be heard in other rooms. Apart from the obvious security value, the system can also be used as a baby alarm.

The master unit is plugged into the mains and the sub-units are supplied complete with cable and cable fixings. All the units have self-adhesive pads to allow fixing to desk, table or wall.

More from Station Approach, London Road, Bicester, Oxon (08692 44661).



Surrounded by unmachined castings for a variety of home and overseas contracts, the body under inspection in the background is one of four 600 mm steam isolation parallel slide gate valves being built by Dewrance and Company of Skelmersdale, Lancs. for a new boiling water reactor nuclear power station under construction near Valencia, Spain.

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IN THE OFFICE

Shreds the secrets

SUGGESTED FOR the shredding of documents in large offices, banks, government premises, industrial and commercial areas, is the Shredmaster 1 (HD) from Portable Factory Equipment, Summit Works, Smith Street, Hockley, Birmingham B19 5EW (021 554 7241).

Cutting head is 18 inches wide and made of carbon steel and up to 50 sheets of paper can be shredded in one pass. It will also destroy continuous computer print-out paper, light metal printing plates, data sheets, index and computer cards and cardboard.

Easier for the typist

MORE SOPHISTICATED than the ordinary electric golf ball machine is the Facit 1880 electronic typewriter whose maker says "If you can type you can also use the 1880 right away..."

Equipped with a memory and a number of automatic functions all of which are logically built up and simple to learn, its greatest advantage is that it saves work, for instance the carriage returns at the right word break.

It is silent, costs about £1450 and is produced by Facit, Maidstone Road, Rochester, Kent (0634 401721).

MARKETING

Japanese trade guide

THE JAPAN trade organisation (Jetro) is to publish an English language technical guide for electrical appliance exporters. Its aim is to enable both foreign manufacturers and exporters to meet the technological requirements set forth by the Japanese Government.

The 500-page volume will cover all the key regulations and standards for hundreds of electrical appliances and legal requirements which must be met before such goods can be marketed in Japan.

Up till now this kind of technical information has been available only in Japanese which has made it impossible, says a Jetro spokesman, for overseas firms to understand thoroughly all the requirements they must meet for the Japanese markets.

Only a limited number of copies will be available on an advance-order-only basis from the publications department, Jetro, 2-5, Toranomon 2-Chome, Minato-Ku, Tokyo 107 (03-352 5511) at a cost of US\$400 (including postage).

PACKAGING

Alternative to metal containers

ALTHOUGH DEVELOPED for the packaging of emulsion paints and first available in the popular DRY 1-litre size, Plastainers will also be suitable for foods and other products says Superfos Packaging (UK), Kilburn Road, Oakham, Rutland (Oakham 3771).

Cylindrical in shape, with a common diameter of 110 mm, these containers can be handled efficiently by existing can packaging lines which would require relatively minor modifications, it is claimed.

CONFERENCES

Keeping abreast of ideas

FOR AT least a decade, industrialists have been talking about technology transfer. But the present on-going energy crisis is making a constant watch over what the competition is doing more important than ever before.

Any new manufacturing process which needs less energy or uses less expensive materials than those commonly applied is of interest.

But there are many other

facets to the problems of buying ideas and these will be examined at a seminar: "The Realities of Technology Transfer" to be held on November 20-21 at Mikrocetrum, Krüisstraat 74, 5612CJ Eindhoven, The Netherlands.

Of particular importance is the session entitled "Technology Transfer—A Cover for Industrial Espionage?" in which the discussion leader will be Dr. M. Fortini, managing director of SITI SpA, Rome.

CATERING

Burgers by the dozen

HEAVY-DUTY gas griddle equipment designed for the very hungry, since it will cook 36 hamburgers in five minutes, offers the possibility of both easy control and even cooking and will cope with patties straight from the deep freezer.

An extra-large griddle area is heated by four individually thermo-controlled gas burners and allows more economical use with the cooking sections coming into service only as demand dictates.

Consistent quality and higher than average output are the claims made by the manufacturer. The "Burgermaster" has electronic ignition and is mobile.

Cooking surface measures 915 mm x 712 mm and is made of mild steel plate. It has open ends to help clearing deposits into right- and left-hand fat receptacles which Moorwood Vulcan supplies as standard.

Moorwood Vulcan (Valor Group) on 074 15 3121.

METALWORKING

Welds steel and alloys

A NEW range of MIG welding units has been introduced by AGA Welding of West Drayton, Middlesex. 81 4771.

The four units now offered are said to have many common features—quick connections for the welding guns, high short circuit frequencies, high welding quality and simple settings are some. All are protected from overload by thermostats which interrupt the welding process if there is excessive temperature in the power source.

Wire feed on two of the units—the MIG 160 and MIG 235—is built-in. On the MIG 235s and the MIG 350 it can be mounted on top of the power source, on an extension arm or on its own wheels so that it can be moved around the shop floor.

The MIG 160 is said to be ideal for welding 0.5-2.5 mm mild or low-alloy steel sheet while the MIG 235 can weld 1.5-

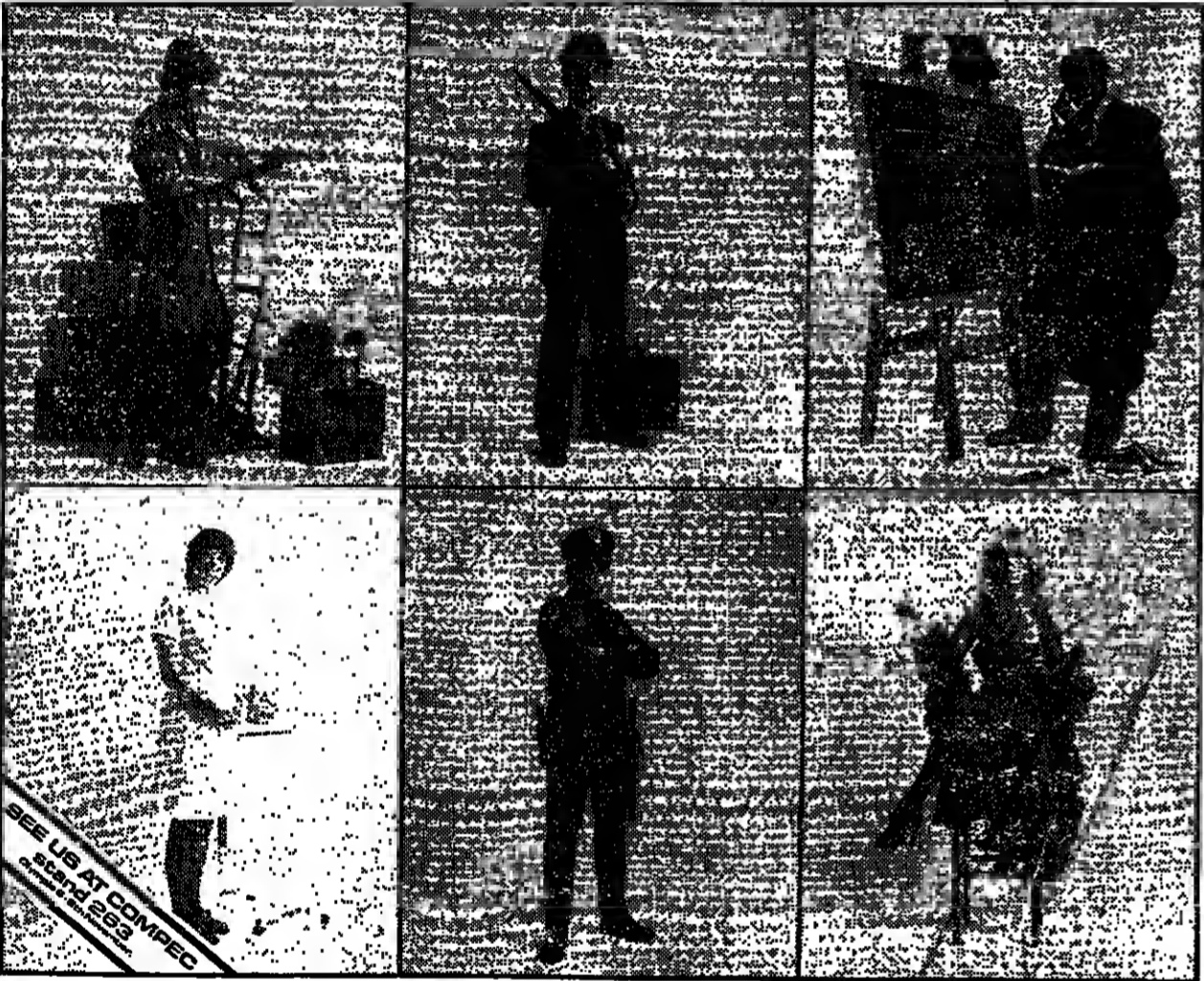
mm mild or low-alloy steel in one pass. The MIG 350 is suitable for welding both thin and heavy gauge plate in mild steel, low-alloy steel, stainless, aluminium and aluminium alloy.

Tailor-made nozzles

FOR DIFFICULT welding operations. Advance Materials Engineering is now manufacturing special-purpose welding torch nozzles in silicon nitride.

The company says it is able to produce many different shapes suitable for fitting to either existing torches or special types. Details can be obtained from the company at Vaushall Industrial Estate, Ruabon, Wrexham, Clwyd, LL14 6HY (0973 822456).

DATA ENTRY STAFF?



How can you improve your computer operation?

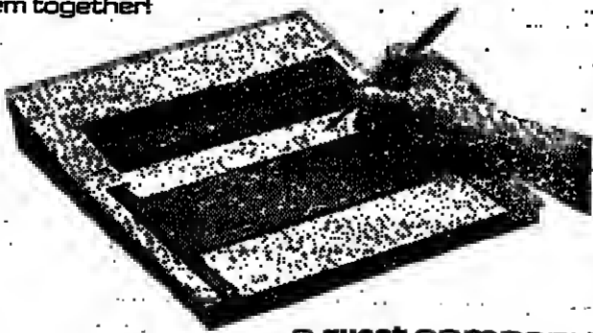
One answer is to optimise input. At the moment your input is probably through specially-trained data entry staff. Before they even start to earn their keep the basic data has to be collected, checked and collated, possibly from a wide variety of sources... from shop floor to senior management. The point is, you're already employing these sources to generate the data... and then going through all sorts of costly procedures to get their information into another form.

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effected by overwriting. Only minimal training and reorganisation of clerical procedures is required. The flexibility is fantastic.

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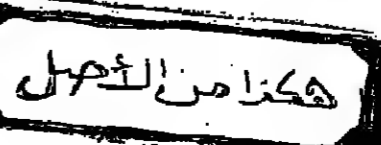
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LOREN

How to get rid of your personnel manager

Jason Crisp on how microelectronics must radically affect managers

BRITISH companies may be slow to adopt microelectronics. They may be several years behind competing nations in the application of electronics. But there is no doubt that British managers are very, very aware of their potential impact, says James Cooke, a consultant with PA Management Consultants. It is his job to lead the PA team which is running the microelectronics awareness campaign for the Department of Industry.

Cooke identifies a very serious gap — in awareness and interest — among mechanical engineering companies in the Midlands and London. "If there is one area which is going to be affected most it is mechanical engineering," Cooke told managers at the recent annual conference of the Institute of Personnel Management in Harrogate.

If awareness levels in the UK may be rising fast, this probably owes much to those trade unions which have expressed alarm at both the possible effects on employment and at management's unpreparedness.

Change fast

Cooke says the companies used as case histories by his consultancy took typically between three and four years to move into the application of microelectronics. "So if we are already several years behind we are going to have to change fast."

The dramatic changes on the working lives of the unskilled and the office worker are being adequately discussed. But Cooke suggested that the biggest cultural change would be that expected by management.

"Most successful companies in Britain," he said, have a clearly defined hierarchy of management built to command and discipline its workers to produce standard responses to standard circumstances.

- "financial procedures designed to control, and by that I mean eliminate, the growth of peripheral risky expenditure on projects that are not central to the company's purpose;
- "accountant-like management, oriented to short term goals;
- "product plans built round marketing and selling power, price and PR rather than new and therefore risky technology;
- "relative ignorance of Japan and Taiwan."

By contrast he cited Texas Instruments, which is particularly concerned about the tendency to kill a revolutionary idea with traditional thinking. "A combination of ready access to seed money for their scientists — up to \$25,000 to test a new concept — 10 per cent research and development directed into high risk ventures, rotation of entrepreneurial talent within the engineering centres and an aggressive stock ownership scheme — all play their part. Above all, their time horizons are 10 years, not two."

On the contentious problem of large scale losses of production jobs, Cooke said that PA's evidence, and that of the Massachusetts Institute of Technology, did not indicate this would happen — although he admitted the evidence was not conclusive.

A major application of the new technologies, he said, would be in energy conservation, where there were no job losses. "In none of the product case histories did we meet with significant redundancies. We did however meet the need to retrain, to restructure and to review the traditional roles and functions within the labour force."

While the highly skilled will be least affected, it would be hard to forecast considerable change and threats ahead for the semi-skilled and unskilled, he continued. Micro-electronic based maintenance controls had virtually deskilled the maintenance of plant, and "automatic process controls pre-

hardly going to involve greater labour numbers." More intelligent instruments would increasingly replace the need for labour intensive manual operating checks, he forecast.

But Cooke emphasised that these changes would not happen overnight — as he said, four years is the average time taken on product development, for many companies it would take even longer.

"There is, therefore, the real opportunity for manpower plans and corporate strategies to work hand in glove to support each other — and given the hostile environment, they must."

But, he warned, manpower planners face a hostile environment, not least because the employment environment was likely to take a change for the worse.

"On the one hand it is hard to see a bolt-hole for the unskilled and semi-skilled once the new technologies have made inroads upon mechanical and general engineering, upon traditional areas of manufacture and indeed on the largest areas of service employment.

Monopoly

"On the other hand, undoubtedly, new industries will be created in the developed world. New communication links no longer constrained by the monopoly PTT controls must emerge and they will bring with them wholly new value-added industrial sectors.

"The only question is timing, our ability to shift, and at the end of the employment day our ability to match those skills available."

Speaking at another session of the IPM conference Philip Jones, chairman of the Conservative Computer Forum, questioned whether the recent dramatic fall in the cost of on-line computers could result in

mass clerical unemployment. It had not so far, he said, because there were three requirements for a complete and workable system: First it requires a simplicity of approach which is beyond that of most commercial computer departments; second a reliability of operating systems and equipment that is beyond most computer manufacturers; and finally a reliability of communications links that is beyond the Post Office.

Virgo gave a provocative example of how an on-line computer system can be introduced, and the effects it has on manpower.

Most of the opposition to its introduction vanishes, he said, if the system is seen to be "very much under clerical control" and if the effort freed by the system is used to allow staff to give personal attention to queries and anomalous transactions which do not fit the rule book. There is even less opposition if there is a guarantee of no compulsory redundancy.

It is always safe to give such a guarantee, he suggested, because during implementation and for about three months afterwards you need every member of staff since the system goes up and down like a yo-yo, while your computer department, the telephone switchboard and the local Post Office engineers learn how to give you reliability in practice, and not just in theory.

Then, for about a year, the staff have to clear up the backlog and get thoroughly on top of the job, said Virgo. Then he said, you begin to regret the "no redundancy" guarantee because, with the end of regular panics and frustrations, your normal staff turnover has dropped and your contented staff are staying.

"Suddenly, about 18 months after implementation, your food second line staff start leaving: supervisors, deprived of the opportunity to demonstrate their skills and exercise authority in a crisis, are looking elsewhere. Clerks, no longer scared of computers, want to become operators or even programmers.

"Soon only the managers and the second rate, who were originally terrified of computers, but now reliant on them, are left and the savings have been made. Finally bored with no one to talk to, the personnel manager leaves and is not replaced," Virgo told the personnel managers.

Business courses

Microelectronics for Non-Electronic Engineers, London, December 10-14. Fee: £250. Details from Blevsdale Computer Systems, 7 Church Path, London SW19.

Janter's Complete Law for Managers, Oxford, December 27. Fee: £450 (plus VAT). Details from Accelerated Management Development, Six Sheet Street, Windsor, Berks.

Marketing Management Course, Brussels, December 10-14. Details from Management Centre Europe, Avenue des arts 3, B-1040 Brussels, Belgium.

Self-insight Assessment Centre, Brunel University, Middx, December 3-7. Fee: £325. Details from The Secretary, Brunel Management Programme, Brunel University, Uxbridge, Middx, UBS 3PH.

Portable building maker moves itself to Wales

BY NICHOLAS LESLIE

ANY ONE of Britain's development boards or corporations would be only too happy to have someone like John Edwards on its side. After all, each development area is, by definition, at some form of industrial disadvantage and is trying to attract or revive an inflow of companies to create employment. As chairman of one of the first companies to be enticed to Newtown, Powys, Edwards provides encouragement by being an enthusiastic ambassador for his adopted region and for the Development Board for Rural Wales.



John Edwards went to Wales because "the Government forced us out of the Midlands."

Such enthusiasm is rather ironic. For Edwards, whose company Presco makes a range of portable buildings, never went to go to Wales. He went he says "because the Government forced us out of the Midlands." This was because he could not get an industrial development certificate 10 years ago when he wanted to build a factory in Stoke-on-Trent.

Another surprising aspect of his attitude — despite his evident present-day prosperity — is that his move to Wales very nearly crippled his company, which was then barely 18 months old and thus still very vulnerable. For although he found himself with a nice new factory, within three months of moving, 13 of the 14 people who had followed him from Stoke-on-Trent had returned home.

College

It was, says Edwards, "a struggle." He pushed on by attracting a few experienced workers into the region, though many more had to be trained by the company itself. Largely as a result of this, all shop floor worker training is still done in-house, though Presco has helped to develop courses in collaboration with the expanding local technical college, for such people as drawing office staff.

Edwards' reasons for staying in Newtown are diverse. In the first instance it is clear that he had little option but to press ahead. He had a shortage of workers to overcome, but at least he had a new factory, rent free for two years, and other

financial incentives, such as training and employee subsidies.

Then, after he had overcome these initial difficulties and established himself he found that other problem areas had arisen — themselves. More services had moved into the area, for example, he could get his precision tool manufacturer had become established locally. Also Midlands suppliers "had become aware of Newtown as a growing customer area," so regular calls from representatives and regular deliveries were made.

Additionally, the Mid Wales Development Corporation (the forerunner of the development board) had been helpful in solving problems — be it waste disposal or housing for workers — and had a positive attitude on planning. "Instead of spending time battling with local authorities we have had precisely the opposite experience," says Edwards.

But if all this turns mid-Wales, and Newtown in particular, into some form of Utopia, Edwards has some misuses to set against the pluses.

The region, in comparison with the old-established industrial areas, is still relatively remote despite better road communications. For a company such as Presco, which, as Edwards succinctly puts it, "transports boxes of air," this is an important point to take into account when weighing the pros against the cons. It is perhaps even more significant a factor given that early forays into rail transportation proved unrewarding and have been abandoned, with little likelihood of resurrection.

Then again, as Edwards points out, virtually every telephone call you make from a development area

is a trunk call. And there also the increased transport costs of bringing customer and also his own salesmen, to the Presco factory.

Another point he makes, with feeling, is his need to carry significantly higher stocks of sheet metal and other materials used in making portable buildings. This is necessitated, says Edwards, by not having suppliers right on the doorstep who could make deliveries at day's notice, as would be the case in the Midlands.

All this adds up to extra costs for the company which are not always compensated for by grants, says Edwards. "It has been my hobby horse that where is needed in development areas is not grants but some form of subsidy which provides a balance in these respects so that a manufacturer is not worse off in a development area than he would be in another area.

Industry, he says, is not naive about grants. "What we have today we can lose tomorrow, so what is needed is long-term subsidy to balance the extra cost of being in development areas."

Free choice

Nonetheless, Edwards remains committed to the area and he has built up a profitable company with a turnover of over £4m in a market which estimates is worth, very broadly, around £100m a year.

The first test of this commitment came six years ago when extra production capacity was needed. Edwards theoretically had a free choice since no real constraint existed on his siting a factory back in Stoke-on-Trent or in some other industrial area. But to his mind the pluses outweighed the minuses and he enlarged his Newtown factory. If his expansion continues as has in the past it won't be long before even more capacity is needed and he has already decided that this will again be on his Newtown site.

Of course, weighing up the pros and cons is very much a personal affair. For Edwards, who is because with a few other shareholders, he owns Presco.

But his reasons for maintaining his factory in Newtown and to keep all his manufacturing activities based there have been the right ones. "This," he says, "that if I had been wedded into a tight industrial area after a short time, we would have had to consider moving out."

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New Theatre, Cardiff

Ernani by RONALD CRICHTON

Welsh National Opera, Verdians from the start, have worked round to Ernani, richest and most satisfying of the early works.

a few lingering doubts. He and his designer, Maria Bjornson, have put the action (time of Charles V) forward to the age of Velasquez for no more constructive reason.

our own time, by moving the location suddenly from Spain to Aix-la-Chapelle, is nullified by the permanent set, yet a change of some kind is illogically suggested by the last act, which, though back in Spain, has banks of candles more appropriate to Charlemagne's crypt.

Suzanne Murphy, the soft-grained timbre is, as ever, appealing. Miss Murphy has the measure of the big phrases but within those phrases notes are sketched rather than sung, intervals are vague and attacks often weak.

Greenwich

I Sent a Letter to My Love by B. A. YOUNG



Rosemary Leach and Richard Owens

This is a simple, charming story, clumsily adapted by Bernard Rubens from her own novel. When Amy Evans, a middle-aged spinster of Porth-cawl, dangles advertisements in her local paper for a penfriend, her only answer comes from her crippled brother Stan.

the interval, and on one such occasion, when Stan and Amy go for a picnic on the sands, the lights are lowered and half the audience began its trek towards the bar.

Wigmore Hall

Nash Ensemble by RONALD CRICHTON

Within the wider framework of the Wigmore Hall's Fauré series, the Nash Ensemble are giving six chamber concerts mainly but not exclusively by French composers—each evening includes one work by Mozart.

successor in G minor. The Second Quintet is a late work (1919-21) in which Fauré inspired no doubt by recent release from onerous duties as head of the Paris Conservatoire, suddenly recapture the physical élan of earlier years and added this to his ever more refined, compact personal musical language.

creation with much more advanced harmonic and colouristic resources of his earlier essays in this mood.

to better advantage in the Poulenc cycle, which he pre-faced with a few words recalling his recently departed master.

RUGBY UNION BY PETER ROBINS

England still seek half-backs

AS NEW ZEALAND heat the Midlands 33-7 at Leicester it was very apparent that some of the losers had been over-promoted and one or two had declined from previous competence.

ment had begun from well inside the tourists' half and from yet another Midland mistake.

he is steady, and that is a vital quality.

thought of his eventually pairing up with Melville of Yorkshire is enticing.

Olivier

Amadeus by B. A. YOUNG

Peter Shaffer has retold the story of how Antonio Salieri poisoned Mozart, with some romantic decorations of his own. This is how it goes in his version.—

Salieri is Court Composer to the Emperor Joseph II. In 1781 Mozart arrives in the capital, having sacked his Archbishop (or vice versa) and Salieri, overwhelmed by the sounds of the wind serenade K364, begins to see him as a rival. More than that, however, he had dedicated his talent to God, and when he realises that Mozart's talent is greater than his he accuses God of ingratitude and dubs him nemico eterno, eternal enemy.



Simon Callow and Paul Scofield

Other characters are little more than scenery. As the Emperor, John Normington spreads his hands and proclaims "There it is!" when he makes a decision.

The production, as I said, is decorative, and needs to be seen with the cultured elegance of the period, has a proscenium arch at the back and makes me think, not for the first time at the Olivier, that the play is better suited to the Lyttelton.

May Fair

Old Herbaceous by MICHAEL COVENEY

These are not, as might be supposed, the memoirs of some sprightly evergreen thespian, but the whimsical ramblings of a West Country gardener. Adapted by Alfred Shaughnessy (of Upstairs Downstairs fame) from Reginald Arkell's 1950 novel, we are ushered by old Bert Pinnegar into a beautiful little green house on the edge of a large estate in Devon.

of adverse parish council opinion: how he achieved glory and small fame for an outspoken speech when adjudicating a Combined Counties show between the Wars. It is all gentle and understated stuff, but the stuff of fireside nostalgia rather than of the theatre.

of the text and of the production. I thought the play as hollow as a strip-carbon. Only once, when Mr. Scofield gave his long speech about the ingratitude of God, did I feel that I was in the presence of masters.

Elizabeth Hall

Stravinsky Festival

It was the achievement of Friday's London Sinfonietta concert to be festive, exhilarating, and didactic, all at once. An essential lesson in Stravinsky came at the start. Michel Beroff's cool and witty traversal of the 1921 Les Cinq Danzas was followed by the orchestration and slight adaptation of the piano pieces undertaken four decades later; in the juxtaposition we were offered an insight into the hoarding, squirrelling side of the composer that was fresh and delightful.

plexity (for the audience responded enthusiastically, the first time around), happy in its way of showing how much more there is in the musical language for nuances of interpretative expression. Orpheus is one of the supreme manifestations of lyrical neo-classicism. It is at the same time, a difficult proposition in the concert hall, away from the Balanchine choreography to which it is so intimately related, for most of the music moves at a gentle, andante, and poses problems of dramatic variety for the conductor.

Purcell Room

Peter Lawson by DAVID MURRAY

Mr. Lawson played an attractive programme of piano centres and Hare, at full-back, music from Satie forward on Friday. It included the first performance of Robert Sherlaw Johnson's Nymphs, which proved to be an orderly piece, laid out in big blocks energetically contrasted.

gested this time only in the structure of the piece; there are no evident echoes of the Master in the harmony or the figuration, and in fact the terse rhetoric might rather recall the later Tippett.

pianist, and does not cultivate purely executive refinements. In his perceptive account of Elliott Carter's 1946 sonata, under-articulated running passages lost a little of the drive of the writing.

Agaceras . . ." struck home. Ginastera's crudely effective Soata finds its raison d'être in playing of exact brilliance; here, the taut syncopations of the Allegro marcato were fractionally loose, the shoulders at the presto misterioso were always too loud, the motoric character of the finale because only a walter of sound. Lawson gave a fair picture of the style.

TENNIS BY JOHN BARRETT

Tracy gives Miss Wade a lesson

TWO EVENTS at opposite ends of the tennis spectrum, both of them breaking new ground, have underlined the health of the game as a spectator sport.

When the start on Saturday was delayed until 4 pm it was obvious that the floodlights would be needed to complete the day's programme.

Magentic The success of the \$60,000 Mazda Cars Classic was largely due to the magnetic personality of the 51-year-old Mexican American Pancho Gonzales. This giant of the 1950s, who turned professional in 1949 after winning his second U.S. championship, does not compete as often as some of the other over-45 Grand Masters, like Frank Sedgman and Torben Ulrich.

ovation. Some spectators were even near to tears, and one elderly lady, checking the grand man's age with a colleague said: "Fifty-one is hot, then I don't feel so bad about being in love with him!"

Floodlights

The 51st Wightman Cup match resulted in a 41st win for the Americans in this series, which began in 1923. It was the first time the match had been played out of doors since the Americans won at Boston in 1972.

Then the British captain, Virginia Wade, playing in her 15th tie since 1965, was given a lesson in clay court tennis by the 16-year-old Miss Austin, who won 6-1, 6-4.

But he scored a first victory in 18 months against Sedgman to win his round robin group and then, in the semi-final, came back to beat the 36-year-old Australian left-hander Owen Davidson 7-5 in the final set.

Likewise, all the others, this match was played with a skill and good humour that endeared these great performers to the appreciative Albert Hall crowd. They may be past masters, but as entertainers they still have a great future.

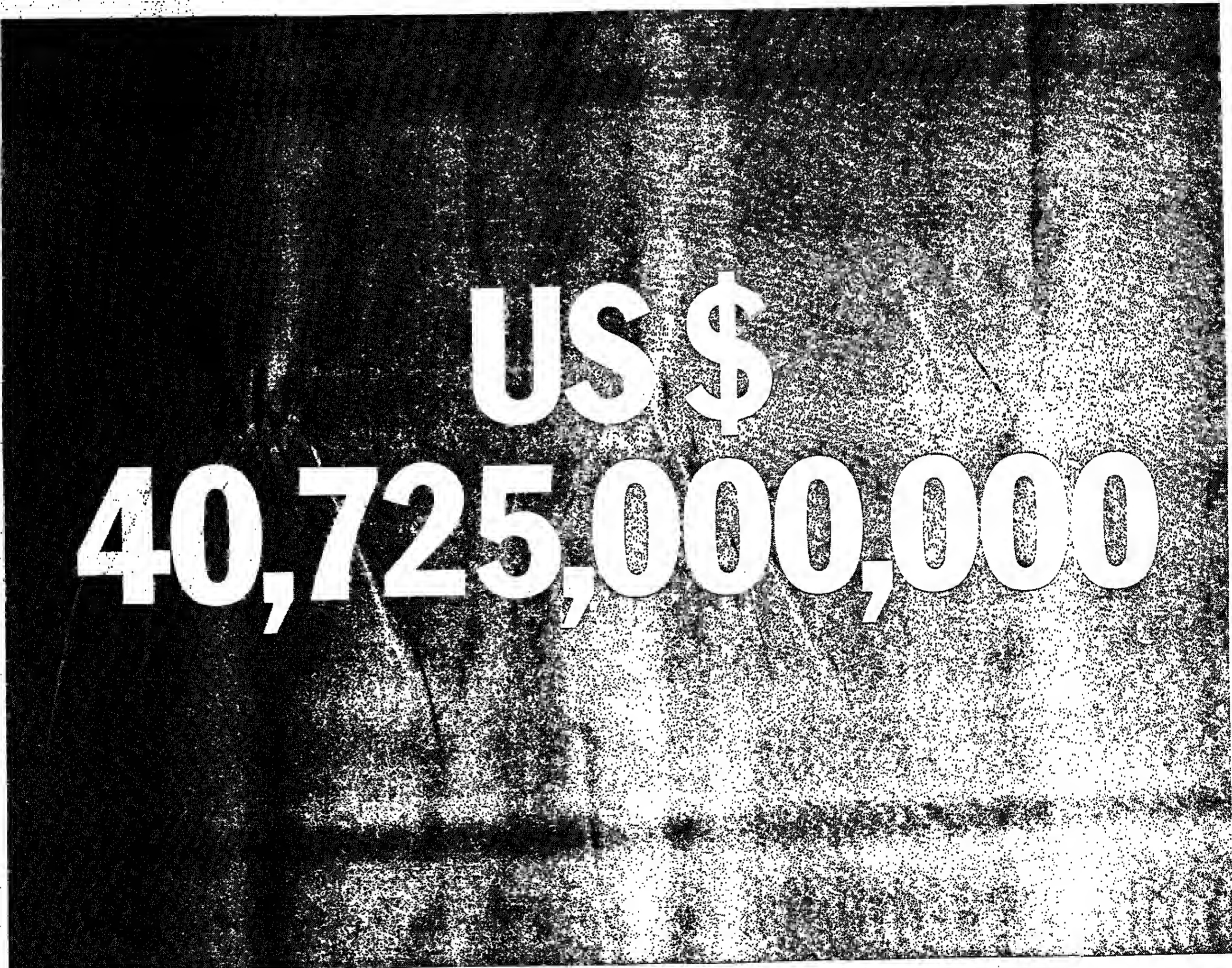
FINANCIAL TIMES SURVEY

Monday November 5 1979

The Netherlands

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THE NETHERLANDS II

Improved short-term prospects

BY REGINALD DALE, EUROPEAN EDITOR

The Centre-Right coalition Government has now been in power for almost two years, despite initial predictions that it would not survive long. It has not found the answer to all the Netherlands' economic and social problems, but recent developments have been more encouraging.

DUTCH go into the 1980s in a less-gloomy mood than seemed likely only 13 months ago. Then, serious people were wondering whether the country was capable of surmounting the harsh challenges that lay ahead.



Mr. Joop den Uyl, leader of the opposition Labour Party and a former Prime Minister.



Mr. Dries van Agt has been Prime Minister for almost two years.

The prosperous, progressive society constructed in the boom years of the 1960s looked increasingly vulnerable to economic strains and social tensions generated from both within and without. The country's very wealth was a handicap. High wages, one of the world's most advanced social security systems, and a strong guild were threatening to price the Netherlands out of the international trading markets on which it depends for its survival.

These problems have not gone away. Indeed, many Dutch economists believe they will return with a vengeance in the next three to five years. But for the moment, the clouds have parted to allow a few rays of sunshine to filter through. The cost of producing goods in the Netherlands has declined relatively compared to its major trading partners. Exports have risen and the inflation rate is now lower even than that of neighbouring West Germany.

19th century, the structure is organised to allow everyone with a firmly held conviction to have his say. The purest forms of proportional representation ensure that anyone who can muster about 55,000 votes nationwide can take a seat in Parliament. The country's broadcasting system is operated by groups of different political beliefs, who receive more or less air-time according to the degree of popular support they can demonstrate.

nuclear missiles in Western Europe. Many Dutch people do not like the idea of basing these new weapons in the Netherlands and feel that their country should take its own decision regardless of the conclusions reached by the other members of the Alliance. That is the right of a sovereign country. But others would argue that it is easier to be high-minded about nuclear weapons when there are others prepared to shoulder the burden, however distasteful they, too, find it.

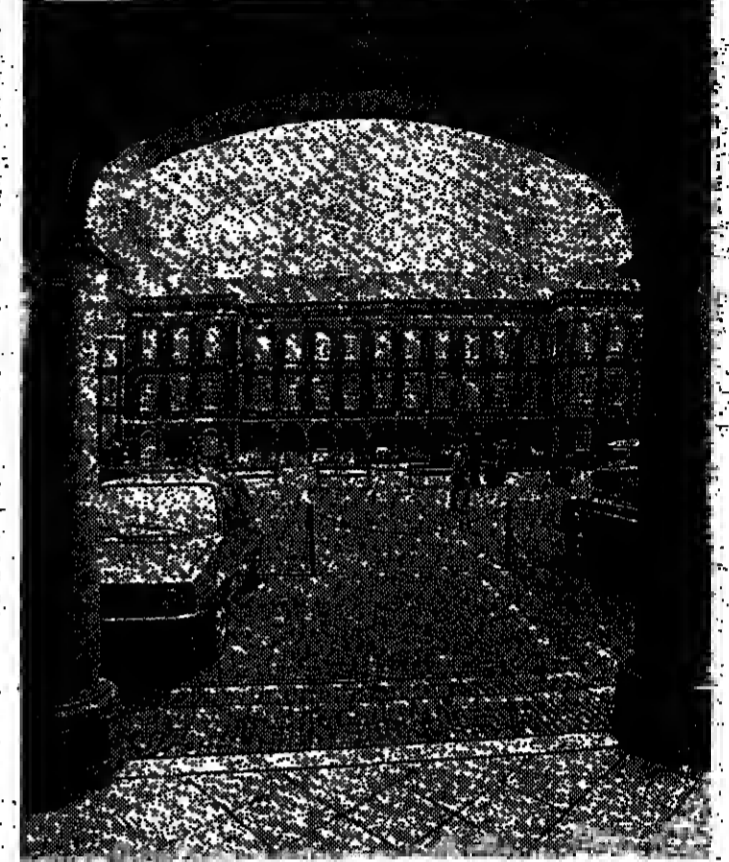
After that looked like an inauspicious start, his coalition appears more durable than many people first expected. Those of his Christian Democratic supporters who would have preferred a Centre-Left alignment with the Labour Party (rather than the Right-wing Liberals), have not yet caused serious trouble. There is much gossip in The Hague about possible political realignments, but the formation of new Dutch coalitions is never easy and can take a great deal of time. Many Dutch voters are tired of political wheeler-dealing and appreciate Mr. van Agt's carefully cultivated "apolitical" style.

the struggle to reduce unemployment with the search for new industries that can survive in the potentially harsh world economic climate of the next decade. The Government has just published proposals to stimulate industrial innovation, in addition to its earlier investment premium scheme, and would like to concentrate on new sectors such as energy-saving and pollution control, as well as high-technology industries, such as communications.

It is far from clear, however, that the van Agt Government has found the answer to the fundamental economic and social problems that the country still faces. Little is left of the original blueprint for 1981 that it published in the summer of 1979. Although the Government maintains that the spirit behind its objectives lives on, the original targets for reducing unemployment, public spending and inflation have been more or less totally abandoned. Much of the blame can quite fairly be attributed to external factors—the oil price rise and world recession. The Netherlands is more dependent on its trading partners than almost any other country in the world.

traditionally "responsible" trade unions will be vitally important. In the past, they have accepted wage moderation in exchange for measures to widen their power and generally improve the social well-being of their members. But there can be no guarantee that such moderation will last. A series of strikes in Rotterdam this autumn was interpreted by some Dutchmen as a sign of increasing militancy among the rank and file and disenchantment with the union leadership. Against that, it must be pointed out that the strikes were markedly unsuccessful, and, at Shell, the action came to an end under pressure from those who wanted to go back to work.

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Parliament Buildings, The Hague — the system of proportional representation ensures that anyone who can muster 55,000 votes nationwide can take a seat in Parliament.

Politically, the nation is self-confident. Its institutions, headed by a much-loved monarch, are among the most stable in the Western world. The qualities that make life in the Netherlands so special—moral rectitude tempered by free-thinking tolerance and a healthy dose of mercantilism—remain deeply rooted.

There is a strong basis of consensus to Dutch society. But inside that consensus, individualism is encouraged. In a tradition that dates from the religious controversies of the

But that does not mean the problems do not have to be solved. In the coming years, the country will need to combine

But that does not mean the problems do not have to be solved. In the coming years, the country will need to combine

Surprising survival of a shaky coalition

POLITICS REGINALD DALE

MR. DRIES VAN AGT, the Netherlands' controversial Prime Minister, has now survived almost two years in office. It is longer than many people gave him when he took power at the head of a shaky-looking Centre-Right coalition in December, 1977. Now, there is considerable speculation in The Hague as to whether he will manage to serve out his full term which expires in May, 1981.

Labour had seen its shares of seats shoot up from 43 to 53 in the 150-member Second Chamber—a landslide by Dutch standards—to emerge as the largest single party. But long months of haggling failed to produce the Centre-Left coalition between the Christian Democrats and the Labour Party that most people had confidently expected. The Christian Democrats finally switched their attention to the right-wing Liberal Party (the VVD), the marriage was quickly consummated and Mr. den Uyl found himself in the unwanted role of leader of the Opposition.

The Centre-Right alignment produced a bare majority of 77 seats in the House—at a time when dissidents in the ranks of the CDA were threatening rebellion over the breakdown of negotiations with the Labour Party. Many Christian Democrats would have preferred, and still do, an alliance with the PvdA. So far, however, Mr. van Agt has averted a mass revolt from within his own party. He is generally considered to have done better than expected.

The Prime Minister has developed a Parliamentary style extremely hard to get a grip on. The Labour leader is a clever political operator—one sometimes hears him referred to as "the Dutch Harold Wilson"—a fact of which Mr. van Agt is fully aware. Mr. van Agt's answer has been to present himself as an "apolitical" character. He didn't really want the job, he says, and he is quite ready when challenged in Parliament to admit he has made a mistake. It is a style that appeals to a great many Dutch people—particularly those who became further disenchanted with politicians in general during the fruitless bargaining between the Labour Party and the CDA—but which infuriates

Left formula would rather bring the Government down on a clear-cut economic or social issue that would firmly identify the VVD as the party of the right and the CDA as that of the Centre, if not Centre-Left. There is no shortage of such issues, one major one being the contrast between CDA's penchant for increased taxes to raise money for social spending against the VVD's preference for reduced expenditure. But there is a considerable left-right spread on such topics within the CDA itself.

Conversely, criticism of the Government's overall efforts to trim the collective sector of the economy in favour of private enterprise has been moderated by the widespread belief that Mr. Den Uyl would have had to pursue similar policies had he come to power.

Broadly speaking, the Opposition is against at least unconditional acceptance of the new missiles, the VVD is in favour and the CDA is split. The question is whether enough CDA MPs would vote with the Opposition to bring the Government down if Parliament were to divide on the issue.

Those CDA MPs who would prefer a Centre-Left coalition could well be tempted to force new elections. But neither they nor the CDA as a whole, nor for that matter, the VVD, are keen to fight a campaign on the nuclear issue. Evidently, it may be doubted whether Mr. den Uyl, whose party slipped badly in the latest opinion poll, is ready for early elections. The cynics say it is, in any case, too important an issue to be at the centre of one of the country's political crises, which normally focus on economic minutiae.

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have found no formula that would prevent the CDA from being a virtually automatic coalition partner in any Dutch Government. Unofficial contacts have recently been taking place between the Labour Party and the VVD, but few people in The Hague take them seriously. It is difficult enough already to persuade a Labour party congress to support coalitions with the CDA.

Such an outcome, however, would pose problems for Mr. Den Uyl. Were the CDA to emerge as the largest party, it would certainly demand the premiership for one of its members. The Labour Party would be unlikely to want to see Mr. Den Uyl as number two, and might be obliged to find another candidate for the deputy premiership. There is no obvious choice.

For the moment, that must all remain speculation. Mr. van Agt is still more or less firmly in the saddle. If he can handle the TNE issue with sufficient skill, he could still be there for another 18 months.

Table with 3 columns: Party, Seats in Lower House, Latest VERA opinion poll. Rows include PvdA, CDA, VVD, D'66, Others, Total.

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THE NETHERLANDS III

Strong emphasis on European unity

FOREIGN POLICY

REGINALD DALE

"There isn't one!" is the immediate reply of one Dutch Minister when asked to describe his country's foreign policy. He is not the only one in The Hague to feel much the same way. But the baldness of the statement is almost certainly unfair.

It is true that the Centre-Right Government that has been in office for nearly two years has adopted a lower profile than its Centre-Left predecessor on many of the burning issues of the day—most notably South Africa, the North-South dialogue with the developing countries and human rights. There is nobody in the present Government, for example, who resembles the controversial Mr. Jan Pronk, the former Minister for Overseas Development, who used to run far ahead of the EEC pack in his efforts to promote the interests of the Third World.

Whereas Mr. Pronk found EEC membership an irksome constraint on his initiatives, today's Ministers stress the virtues of co-operation with the countries of the EEC and NATO. Allies, in a way that to some may appear less exciting.

Commitment

But the change is less great than it may seem at first sight. The fundamental basis of Dutch foreign policy—commitment to a strong and increasingly united Western Europe—has remained unchanged since the end of World War Two. The commitment is nonetheless powerful for being almost entirely uncontroversial. Today, in their international relationships, the Dutch are at the centre of three concentric circles. The innermost is the EEC (in which they remain committed to a "Federal" Europe), the next is the Western Alliance and the third the broad international forum of the United Nations.

There are those who see some wavering in the constancy of these relationships. Mr. Jerome L. Heldring, one of the country's leading foreign affairs experts, sees a trend towards pacifism and neutralism in the 1970s. This, he believes, is the consequence of the social upheaval of the 1960s, in which traditional values were overturned and the still-powerful Church radicalised within a decade. The trend is certainly to be detected

among members of the "New Left" faction of the opposition Labour Party and even on the left of the centrist Christian Democratic Appeal (CDA), the main member of the governing coalition.

There has been talk in these circles of making support for NATO "conditional," rather an automatic, and last year a petition protesting against Alliance plans to deploy the so-called neutron bomb obtained 1m to 1.5m signatures (in a country with a total population of 14m).

The public's distaste for nuclear power, both civil and military, is as strong as if not stronger than anywhere in Western Europe. A major controversy is now looming over the Alliance's plans to modernise its medium-range nuclear weaponry in Western Europe, as explained in greater detail elsewhere in this survey.

The European fervour, once so characteristic of the Netherlands, has now largely dissipated—at least among the population as a whole. The first direct elections to the European Parliament in June this year, produced a turnout of under 58 per cent—far higher than the British, but disappointing in Dutch terms. Labour Party voters appear to have stayed away for much the same reason as their counterparts in the UK. They both lacked enthusiasm for the new venture and doubted whether it would achieve much anyway.

On the other hand, it should not be forgotten that one of the main reasons for the current Dutch lack of interest in the goings-on in Brussels and Strasbourg is almost certainly precisely the fact that EEC membership is uncontroversial. Nobody is seriously suggesting that the country should pull out or change its terms of membership.

As for NATO, a recent opinion poll suggested that 75 per cent of the population were still in favour of Dutch participation. Despite the rumblings on the left, no serious politician is

advocating the country's departure from the Alliance and prominent Labour leaders, such as Mr. Joop den Uyl, the former Prime Minister, have always spoken in favour of solidarity among the Allies. The same goes for the leaders of the up-and-coming progressive party D'66 (Democrats, 1966), a Left-liberal party with an intellectual favour.

Questions

If increasingly critical questions are being asked, the underlying consensus in favour of membership of the Western bloc is still there.

And the reasons are not hard to find. For geographic and economic reasons, the Dutch are almost entirely dependent for their survival on their Western neighbours and have no wish to change their allegiance. In a country where proportional representation allows small parties to flourish, the Communist Party has only two seats in a Parliament of 150 members. The Labour Party has traditionally been anti-Communist, even if some of its members are now less worried than they used to be about Soviet intentions towards Western Europe.

It is in part this very dependence on their neighbours, in Mr. Heldring's view, that makes the Dutch so prone to indulge in the "escapism" of proffering their views on the problems of others in different parts of the world. That, perhaps, and the strong sense of morality which pervades Dutch thinking on foreign affairs. With the Swedes, the Dutch often see themselves as the world's conscience—a factor that explains their deep interest in matters like human rights and South Africa. The present Government may be slightly less moralistic than its predecessor—its critics would say "less principled"—but it has gone to great lengths to work out a human rights policy.

A document recently signed by the Ministers of Foreign Affairs and Overseas Develop-

ment tackles such thorny issues as whether to cut off development aid from Governments that violate human rights. The answer is "not under all circumstances." The effect of a cut-off on the local population must also be taken into account.

The same sense of moral duty consistently keeps the Dutch near the top of the league table of Western aid donors. Last year, the country's official development aid accounted for 0.82 per cent of gross national product, a slight fall compared with the year before, but comfortably above the United Nations target of 0.7 per cent, a figure so far achieved by only a handful of nations. The Government has pledged to maintain its own aid target of 1.5 per cent of net national income both this year and next, and development aid has been exempted from its planned cuts in public spending.

The main problem area in this rather cosy state of affairs, at least in recent months, has been South Africa. Mr. Christoph van der Klauw, the Foreign Minister, a member of the right-wing Liberal Party (the VVD), has been criticised for adopting a milder approach than his predecessors to the Pretoria regime. His line is to condemn apartheid while stressing that progress in moderating its effects should not be ignored. We must, as he puts it, "listen to the voices of reason."

His party's attitude has now led to a serious controversy over the Paralympic Olympic Games that are due to be held in the Netherlands in June next year, just before the Moscow Olympics. The VVD argues that a South African team should be allowed to participate on at least two grounds.

First, it argues, the way to attack apartheid is to foster as many contacts as possible. Secondly, it points to a report drawn up by the Dutch Embassy in Pretoria which found paraplegic sport in South Africa to be genuinely multi-racial. But Nigeria has already protested, and last month the Lower House of Parliament rejected South African participation by a two-to-one majority.

Still in Southern Africa, the Government would be presented with a major problem if Britain were to conclude a separate deal with the Rhodesian régime of Bishop Abel Muzorewa, exclud-

ing the Patriotic Front. The Dutch have already told London of the great concern at this possibility, which they fear could seriously split the EEC. There is little chance of The Hague feeling able to follow London if the UK went ahead with the recognition of Bishop Muzorewa and the lifting of sanctions in the absence of an all-party agreement.

In other areas of Anglo-Dutch relations there are, as usual, few problems. The Dutch are showing increasing understanding about the "unfairness" of the EC budget. But they do not see why London should receive something for nothing. There are suggestions in The Hague that Britain will have to be more accommodating in the negotiations aimed at setting up a common fisheries policy, and even a hint that the UK's North Sea oil policy should be conducted in a manner more sympathetic to the needs of her EEC partners.

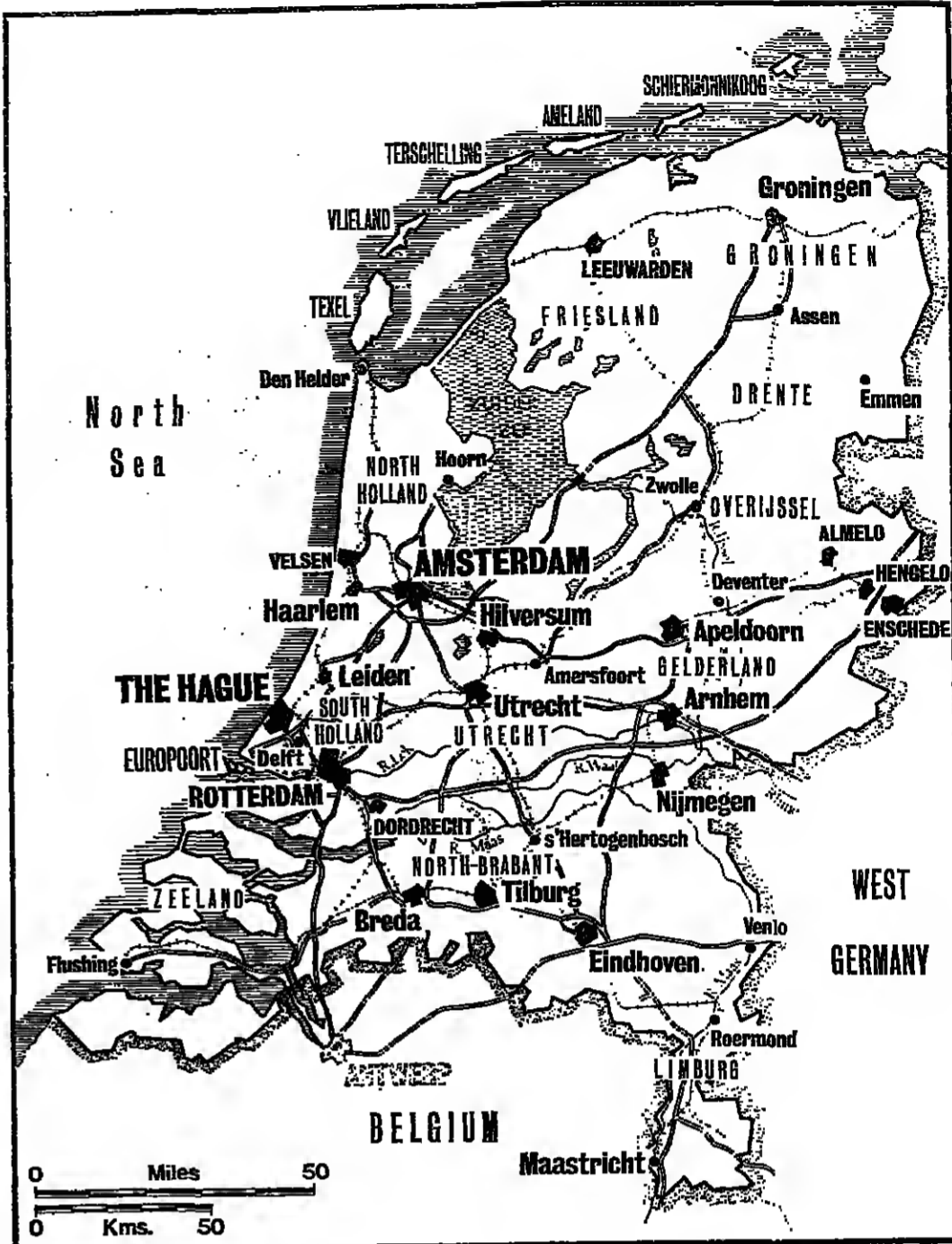
Change

But perhaps the most remarkable development in Dutch foreign policy and public opinion in recent months has been a steady decline in sympathy for the country's old friend, Israel, which until only a few years ago could do no wrong in Dutch eyes. The shift in favour of the Palestinians recently led to a protest from Mr. Moshe Dayan, the former Israeli Foreign Minister. There is little doubt, however, that Israel must itself shoulder much of the blame.

In addition to general Dutch disquiet over Israeli policies on issues like settlements in the occupied territories and autonomy for the West Bank and the Gaza Strip, an important new factor has been the inclusion of a Dutch contingent in the UNIFIL forces that are trying to police Southern Lebanon. Their eyewitness accounts of Israeli bombings have attracted a great deal of publicity that has had a major impact on public opinion.

Dutch officials insist that the country remains, and always has been, in the mainstream of EC opinion on the PLO issue.

But that progressive shift of position shows that there is room for change, even in the consistent pattern of post-war Dutch foreign policy.



BASIC STATISTICS			
Area	14,718 sq miles	Trade 1979	
Population	13,94m	Imports	Fl. 116bn
GNP	Fl. 282,456m	Exports	Fl. 108bn
Per capita	Fl. 20,261	Exports to UK	£2,52bn
Currency = Guilder	£1 = Fl. 4.22	Imports from UK	£2,25bn



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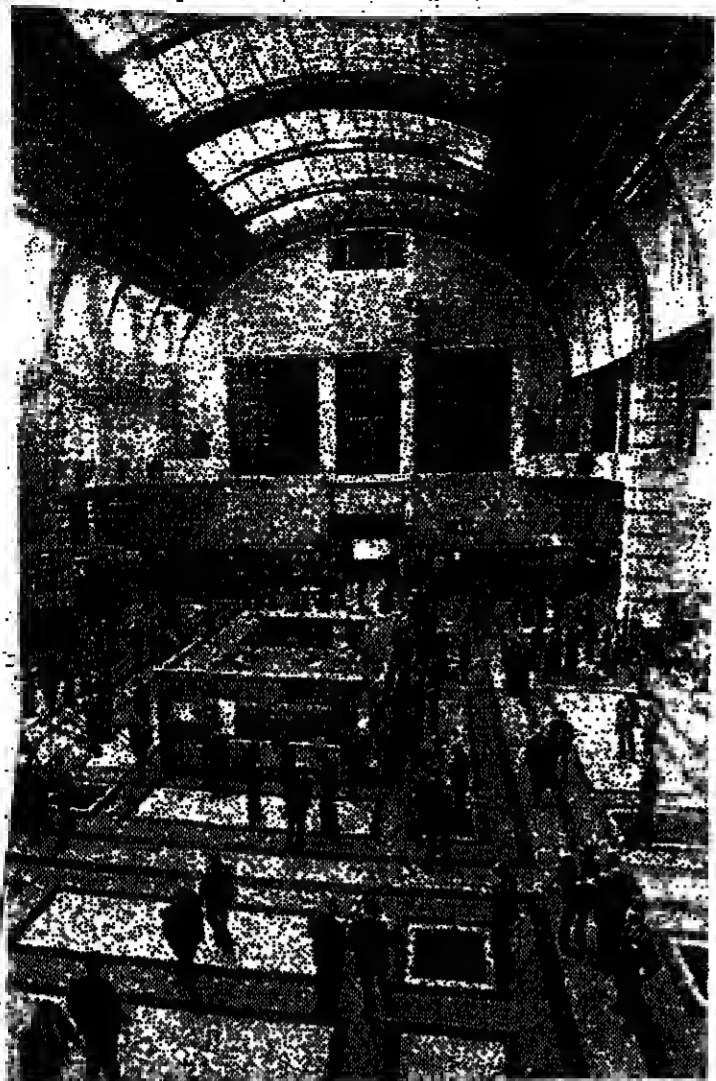
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An anxious year ahead



Amsterdam Stock Exchange

AFTER THE rapid expansion of the past few years, Dutch bankers and underwriters peer ahead to 1980 with some anxiety. World trade is slowing rapidly, and both industries face a number of domestic constraints. But the respective levels of concern among these two bulwarks of the financial community contrast sharply.

Compared to banking, insurance is a relatively recession proof business—and when it comes to declaring profits the industry has a built-in time lag, anyway.

The banks, on the other hand, are already beginning to feel the pinch as the high cost of money keeps customers at bay. Holland's ten major commercial banks could only manage assets growth of 2 per cent over the first half of 1979, compared to annual rises of a fifth or more in each of the four previous years.

The stock market performances of the two sectors reflect this state of affairs. Over the past 12 months the Amsterdam bourse has made little or no overall progress with bank shares showing gains of around 5 per cent. In contrast, the insurance share indices are something like a sixth higher than they were a year ago.

During the first six months of

BANKING/INSURANCE

JEFFREY BROWN

this year, Nationale Nederlanden and Ennia, two of the three major insurance groups in Holland, increased their net earnings by a quarter and a fifth respectively. Amev, which completes the trio and is more heavily orientated towards life insurance, showed a 7 per cent improvement.

To some extent the international ambitions of the insurance sector, notably a push for a larger slice of U.S. business, have been backfiring recently with the weakness of the dollar having an unfavourable impact on profits when dollars are translated into guilders for the purposes of company accounts.

But, in general, the insurance cycle remains at a high point, and there have been plenty of compensating factors. Two points stand out: the improving operating pattern on the non-life side, and the sharp rise in interest rates.

Many hitherto weak classes of non-life business finally managed to claw their way back into profit in 1978, notably motor business in Holland, and the improving trend has continued into the current year. Just as important in terms of short term earnings has been the trend of interest rates. High money costs have continued to widen the margin by which the returns on invested premiums outstrip the prevailing level of Dutch inflation.

By far the largest of the Dutch insurance companies is Nationale Nederlanden which controls something like 28 per cent of the life market in Holland and more than a tenth of the accident business. Last year Nationale Nederlanden took 36 per cent of its total revenue in the form of life premiums which compares with 33 per cent at Ennia and 42 per cent for Amev.

Non-life revenue premiums accounted for 31 per cent of total revenue at both Nationale Nederlanden and Ennia with investment income contributing 24 per cent and 33 per cent respectively. At Amev, non-life premiums represented 27 per cent of revenue last year while

investment income chipped in 28 per cent.

Generally speaking, Dutch insurance companies are not prominent in reinsurance markets. The exception is Nationale Nederlanden where premiums from this class of business accounted for 8 per cent of total 1978 revenue.

Search

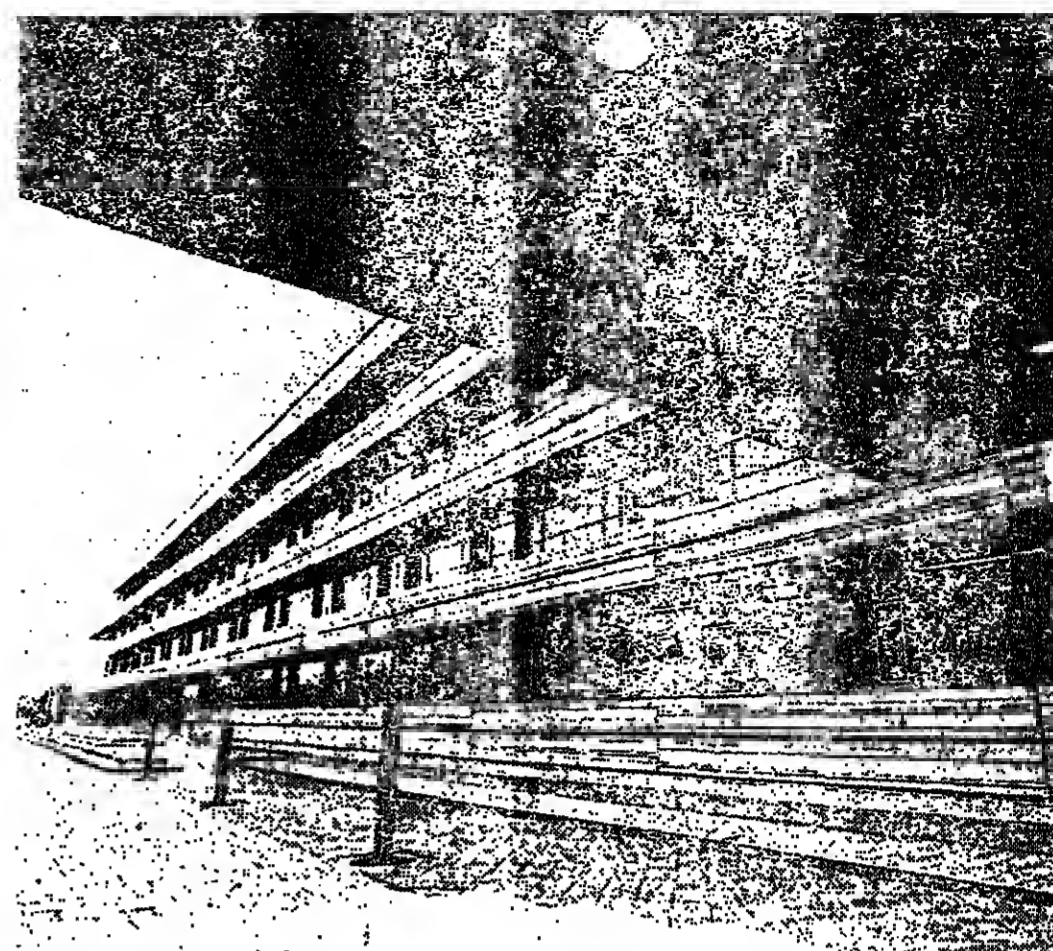
In recent years, Nationale Nederlanden has turned increasingly away from Holland in the search for new business, notably to North America. The acquisition earlier this year of the insurance group, Georgia Life, was a noticeably decisive step to expand in the U.S. where the Dutch group already had a revenue base worth 15 per cent of the total.

Nonetheless, the acquisition of Georgia Life represents a major swallowing act on the part of Nationale Nederlanden. The Atlanta-based company cost \$330m and brings with it around 134 service offices spread through 11 states in the southern region of the U.S. plus 2,750 agents and a full time staff of 1,450. The deal lifts in around 40 per cent the international contribution to total revenue at Nationale Nederlanden.

Other insurance groups in Holland include the British-owned Delta-Lloyd (which became part of the Commercial Union group in 1973), as well as companies such as AGO and Amfas. The latter's profits have continued to maintain their enviable growth record with this year's first half gains extending to 14 per cent at the net after tax level.

Among the banking community 1979 profits show every sign of being mixed. The first half growth patterns among the big three commercial banks, Amsterdam Rotterdam Bank, Algemene Bank Nederland and Nationale Middenstandsbank, have varied widely. And so have their respective thoughts about the outlook for the rest of this year.

NMB managed to meet ahead



The Finance Ministry, at The Hague

by 34 per cent after tax for the opening six months of 1979 but hinted at an effective downturn in the second half. Auro grew by 15 per cent to the end of June and forecast modest growth overall, while ABN— with just 81 per cent first half gains under its belt—spoke darkly about its future uncertainties.

Quite clearly the strong trading patterns of 1978 are starting to go into reverse for the banks. Last year lending by the commercial banks to the private sector rose by 22 per cent, with both Amro and NMB outstripping this average by a very comfortable margin. The former increased advances by 24 per cent, with NMB lifting lending by a full 28 per cent.

No official figures are available for bank lending in 1979, but to judge by the slow growth of assets over the first six months, advances are starting

to tail off sharply. The cost of money has now moved up to prohibitive levels (especially for the consumer), accelerating a trend already set in motion by a weakening economy.

In this climate, and against a background of a tight Government grip on credit expansion, competition for business among the banks is becoming keener, resulting inevitably in a shading of lending margins.

Holland's three major commercial banks dominate the industry and account for something like 60 per cent of the commercial banking market. They represent a combined balance-sheet total of well over Fl 180bn. ABN and Auro lead the field and are roughly the same size in terms of balance-sheet total.

In terms of absolute profits, the largest bank in Holland is the agricultural co-operative, Centrale Rabobank, whose earn-

ings growth last year just crept into double figures with a gain of 12 per cent at the net level. But Rabobank managed to lift its assets base at a pace that would not have disgraced the more aggressive commercial banks.

Rabobank's balance sheet total at the end of 1978 was a full 21 per cent larger at Fls 74.2bn. Rabobank may be traditionally linked to the market for farm finance and household accounts but today it is clearly bent on becoming an international banking operation.

In terms of international thrust, ABN is probably the most active among the major banks, at present. Around two-fifths of its earnings arise outside Holland, although its proportion of non-Dutch assets is lower. At the close of last year, ABN's foreign assets have represented something like 30 per cent of the group total.

Political issue CONTINUED FROM PREVIOUS PAGE

There generally, while the defence initiative has had an effect in the Netherlands, particularly among the military anti-nuclear churches, it has not had the impact the Soviet leader was probably seeking. Few, if any, politicians have markedly changed their position on the new missiles as a result. This, admittedly, is at least partly because Labour Party policy was already leaning towards the Brezhnev line.

Aims

The gap between the Centre-Right Government and the opposition Left is in any case not as great as it might be. Labour Party spokesmen say they can imagine circumstances in which it might be appropriate to station the new weapons on Dutch soil—particularly if exist-

ing nuclear weapons were dismantled.

The Government, for its part, is firm in its insistence that its overall aim is as far as possible to reduce the number of nuclear weapons, both in the Netherlands in particular and Europe as a whole. It sees considerable scope in the future, as technology advances and accuracy improves, for replacing existing nuclear weapons with conventional arms. It also looks to a success in the East-West Vienna negotiations aimed at reducing conventional forces in central Europe as helping the West to reduce its dependence on tactical nuclear weapons. In no case does it believe that the introduction of a new weapons system should result in an increase in the total number of nuclear warheads in Western Europe—

indeed, the aim should be to reduce them. Here, possibly, lies a hint as to one way through the Dutch TNF jungle. Opposition to the new missiles might be lessened if at the same time the number of the Netherlands' existing nuclear tasks in the Alliance could be reduced. The Dutch armed forces share between them six possible nuclear roles in wartime, ranging from the operation of Lance missiles to anti-submarine nuclear devices.

But it is also Government policy not to take unilateral decisions on such matters without consulting the Allies. If it were to use these tactics to carry the day, the Government would have to convince both NATO and its own supporters in Parliament that such a solution was acceptable.

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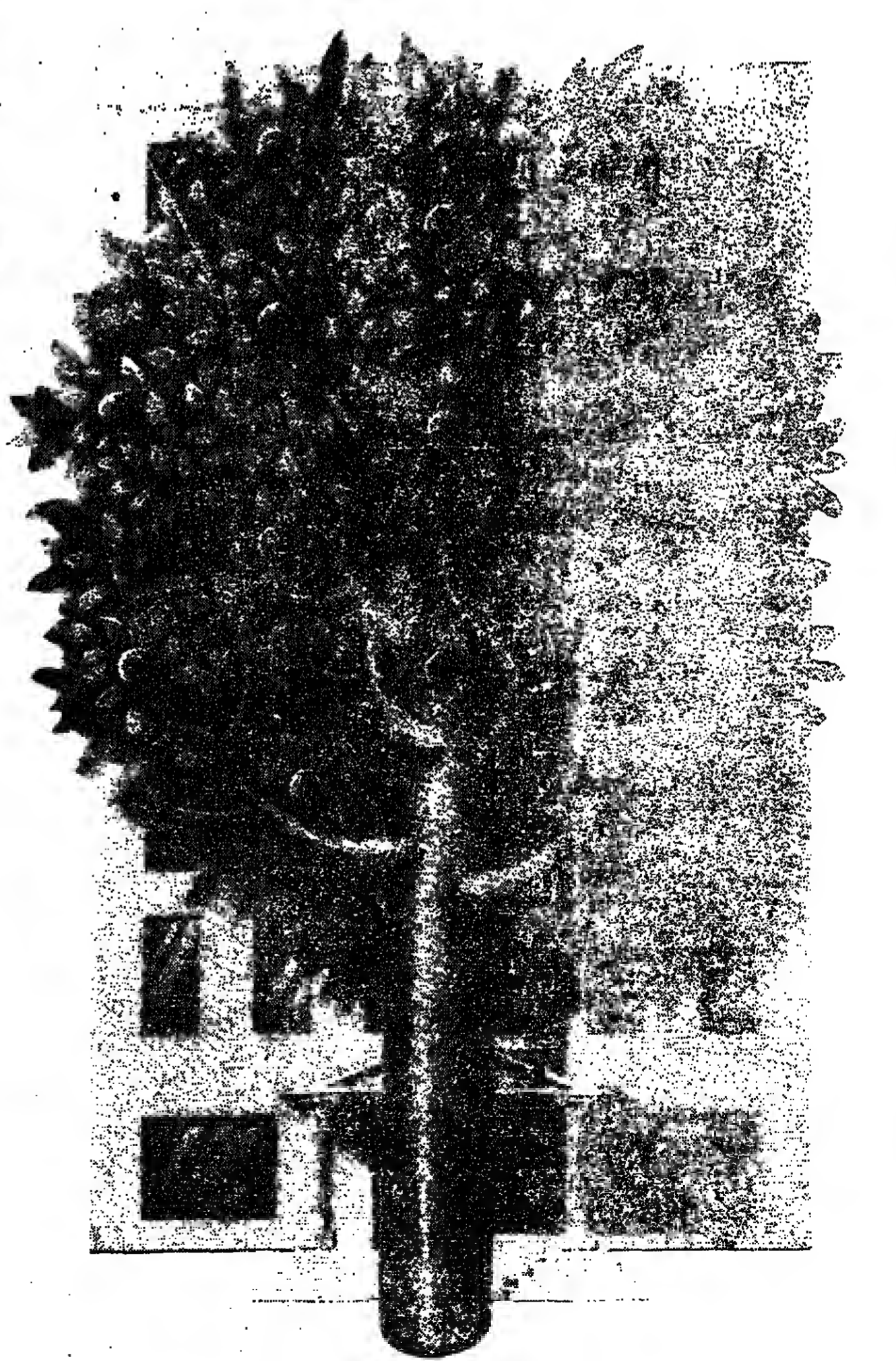
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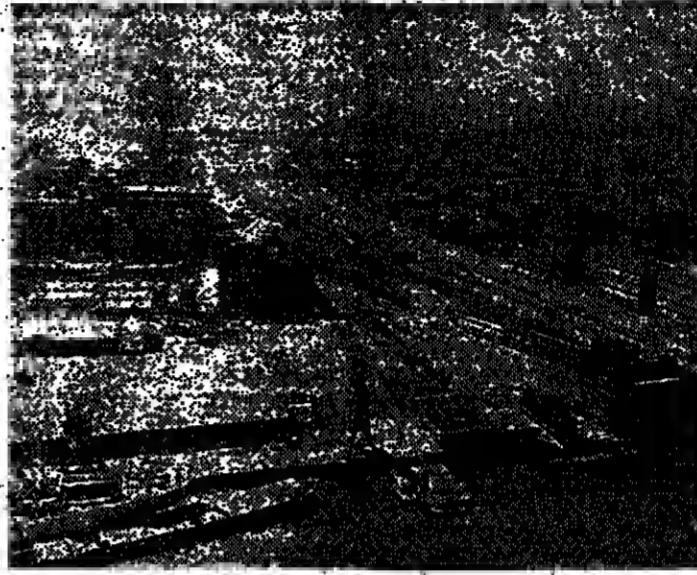
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THE NETHERLANDS VI

City's major plan for renewal

ROTTERDAM CHARLES BATCHELOR



Rotterdam's waterfront

THE IMAGE of the city of Rotterdam tends to be dominated by its port, the largest in the world and twice the size of its nearest rival, Kobe in Japan.

The 600,000 Rotterdamers have the reputation for being hard workers. Shirts sold in the city's stores come with their sleeves already rolled up, according to one popular Dutch cabaret artist.

The desire to rebuild the city and its industries after the disastrous bombing raid which destroyed much of the centre and heralded the German invasion in 1940 meant that little attention could be paid to the finer aspects of re-establishing the city's character.

Rotterdam has now started a 10-year plan to tackle the problems of a declining population and decaying inner city areas.

It has set aside 11 districts within the town centre as priority areas where new houses will replace those which are past saving, others will be renovated.

Scale

The size of the problem is shown by the fact that the 11 urban renewal areas contain 25 per cent of the city's housing stock, 60,000 of the 240,000 homes.

The large number of offices have been blamed for the city's lack of night life. However, one recent development, which is expected to lead to the building of more office space in the city centre, is the opening of the Rotterdam World Trade Centre.

The present planning is for 15 per cent, or about 985 firms, to be moved, either because they create a nuisance, they make inefficient use of the available land, or they represent an obstacle to new development in the form of housing, open spaces or other amenities.

Housing, too, is an important element in the plan. A population of 558,000 in the central area of Rotterdam (within the motorway box) declined by 98,000 inhabitants in the seven years to 1975.

various layers of authorities involved in the decision. A further indication of the energy and confidence which had made Rotterdam into the prosperous city it is had been somewhat was the loss of a liquefied natural gas (LNG) terminal to the tiny port of Eemshaven on the northwest coast of the Netherlands.

The authorities are moving positive towards plans for a 350m (£175m) liquefied petroleum gas (LPG) terminal which has been proposed by British Petroleum and the Royal Dutch Shell group. The two companies want to build a new harbour for LPG tankers of up to 76,000 cubic metres of storage tank capacity.

Rotterdam meant ample space was set aside for the motor car. Public transport, too, is of a high standard and Rotterdam is expanding its underground network which links the town centre with the far-flung suburbs.

One handling was up to 35m tonnes from 31m - while the volumes of chemical products, coal, animal feeds, metals and oil seeds also increased.

The harbour employers' organisation expects a further improvement in the non-oliceable this year, and even oil volumes were up in the last three months of 1979.

Both port and city will be undertaking substantial renewal programmes in the years ahead. Rotterdam is putting a lot of effort into making itself a better place in which both to live and work.

and provide an alternative to coal, which is also expected to grow rapidly in importance as a fuel. Until the late 1980s the Netherlands will have excess electricity generating capacity but thereafter additional plant must be built.

While nuclear power brings with it enormous environmental problems, coal is not without its drawbacks. Increased coal burning would add substantially to air pollution, it is bulky to transport and the disposal of waste would not be an easy matter.

and provide an alternative to coal, which is also expected to grow rapidly in importance as a fuel.

ENERGY

CHARLES BATCHELOR

Lively debate ahead on nuclear issue

THE BROAD outline of the Netherlands energy policies for the next two decades will emerge over the next few months with the presentation of two Government papers on coal and nuclear power.

While, at first sight, the Netherlands is in a favourable position because of its own large supplies of natural gas, its trade-dominated economy is very vulnerable to outside pressure.

Nuclear energy is particularly controversial subject in the Netherlands where the high population density means that the number of potential sites for power stations and for waste storage are very limited.

The only two plants at present in operation are a 450 MW pressurised water reactor at Borssele in the south-west of the country and a 50 MW experimental reactor at Dordrecht near Nijmegen.

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CONTINUED ON NEXT PAGE

Serious disruptions are feared

LABOUR RELATIONS GERARD DRIEHUIS AND MICHAEL VAN OS

THE CHANCE of further social upheavals in the Netherlands is great. The moderation of the unions, which over the last few years has been a significant factor in containing the growth of wage costs and inflation, appears to have come to an end.

This autumn social strife started with prolonged dock strikes in Rotterdam, the world's busiest port, and in parts of the petro-chemical industry, where industrial action concentrated on Shell's oil and chemical operations.

The dockers' strike over increased pay, was unofficial because the port's labour contract between union and employers had been settled already. The petro-chemical strike over a demand for a 36-hour working week and five-shift working, was declared official.

The problems in the port—the tugmen's strike, which had sparked off the dock strike, ended after the men received a lump sum from "external sources," though none of their demands were met—and in the petro-chemical industry are more or less solved.

However, a bout of strikes in the meat processing industry had ended with a complete victory for the strikers. When some companies offered bonuses on top of the recently agreed rates to attract badly-needed staff, workers at other plants downed tools in support of a demand for the same increases.

Fears

But observers of the industrial scene appear certain that this is only the start of greater problems which could seriously affect the country's traditionally harmonious industrial relations.

The chance that the talks on the new wage contracts for 1980 will succeed without any strikes does not seem very great.

Central point in the discussions will be the policy of wage restraint. Ever since the oil crisis of 1973, the respective Dutch governments have pinned their hopes on wage restraint in order to improve the position of Dutch industry.

The Dutch economy, which is for over 50 per cent dependent on exports for prosperity, was at that time losing ground in most foreign markets. The relative strength of the guilder on the international exchange markets was partly responsible for this development, and so was the high level of wage costs.

The worst thing was that the country's most important trading partner, West Germany, managed to keep inflation at a much lower rate than the Netherlands. A deteriorating balance of payments, notwithstanding the huge inflow from natural gas exports, was the result. Almost anyone at that time believed that wage re-

straint would provide the solution to the problems.

The trade unions so far have co-operated with this policy. In return for their co-operation they asked for some reforms in the social field. They concentrated on two demands. First there is the question of greater worker participation in management and second that of sharing the extra profits companies make as the result of wage restraint.

This last item, called the vermogensaanwasdelingsregeling (the "VAD"), was one of the so-called social reform plans conceived by the former Socialist Prime Minister, Mr. Joop den Uyl. He succeeded in convincing the labour movement and in the first place the dominant Socialist trade union FNV, that with this profit-sharing system wage restraint would not lead to "unreasonably high" profits for the shareholders. And wage restraint, he added, would lead to more jobs.

Mr. Den Uyl's government fell, however, before the Bill had passed Parliament. The ruling Right-of-centre coalition has been unable so far to agree on a new, for the Right-wing—more acceptable excess profit-sharing Bill. This is one of the key arguments why the main labour movement has said it will not for much longer accept wage moderation. Its argument is that in a lot of industries the profits are now high enough again.

Behind that argument lies a more fundamental problem. The reason for need for wage restraint and for plans for economic recovery, which was the basis of the Government's Blueprint '81 programme, is the still very high unemployment rate. There are more than 260,000 registered unemployed in the Netherlands and this figure would be significantly higher if "hidden" unemployment were added.

A great number of the unemployed are not included in the figure because they are paid by social security funds other than the unemployment fund (for example the disability fund). Moving redundant workers into disability schemes is financially attractive for both employers and employees.

But besides the problem of the estimated more than 150,000 "hidden" unemployed, there is also the difficulty that despite the many out of work, many employers seem unable to get the quantity and quality of people they want. In several sectors of the Dutch economy there is a serious shortage of skilled workers.

In the building and metal industries, employers have even been forced to recruit in England to fill vacancies. The result is that wages in the sectors where the shortages are most severe—and these are

by no means necessarily the strongest industries—have been forced up. Employers appear to have no alternative, although they are aware that they are infringing upon the terms of the agreed wage agreements, which is illegal.

An increasing number of workers in these sectors, but also elsewhere, do not believe in the necessity of wage restraint any more, seeing that in some places high wages are offered to fulfil the vacant places. They are pressing their union to take a firmer stand on the wage front than they did in recent years.

Dr. Willem Albeda, Minister of Social Affairs, who has a union background himself, repeatedly stresses the need for continued pay restraint. But he added at a meeting: "If one sees that it is often so difficult to fill vacancies that employers in some cases buy away each

other's personnel, then it is not so surprising that not everyone sees the relation between restraint and fight against employment clearly."

Dr. Albeda pointed out that after the real wage increase in the Netherlands—excluding wage indexation—had fallen from 4 to 1 per cent, employment prospects clearly had improved and the rise in employment had been halted. The number of newly registered unemployed has fallen "significantly" from the end of 1976.

Meanwhile, Mr. Wim Kok, leader of the largest trade union, FNV, has already announced that his organisation will seek wage increases from the stronger companies this winter. "If the employers themselves don't stick to the guidelines of wage restraint, why should we?" Mr. Kok asked.

Not only the socialist FNV

(1.08m members) but also the much smaller and less militant CNV (0.3m), which is the Christian Democrat-oriented trade union, has expressed its intention of taking a firmer stand on the wages front than it has in the last few years.

The government, on the other hand, thinks that it is necessary to maintain wage restraint. "In a very few industries profits have indeed recovered more or less, but in most of them the situation continues to be very gloomy," the Prime Minister, Mr. Dries Van Agt said. His budget for 1980 is therefore based on the supposition that real wages will show only a very moderate growth.

Above the average wage of Fl 32,500 before tax (€8,000) the real wage will even decrease, if the plans of the government are carried out. And Mr. Van Agt has made it very clear that additional compensatory measures will be carried out if the social partners will agree upon higher wages.

Most of the workers seem not to be prepared to accept the wage restraint. A recent opinion poll said that a large majority want to see their real income grow. Only 9 per cent was prepared to accept a real pay cut. The reason for this attitude, says the poll, is the

fact that only few believe that their moderation in wage demands will really help to improve the economic situation and so increase employment.

In the background of this problem of the necessity of wage restraint is the discussion on the social security system. The reason for the wage restraint is that the very little economic growth that exists is absorbed almost entirely by the public sector. Most of it is paid out as welfare benefits. The employers want the private sector to be stimulated and think it about time to put a stop to the growth of the payments under the social security laws.

Mr. van Veen said that although the figure of 200,000 unemployed was a "frightening" one, the figure was misleading in the sense that 70 per cent had found a job within six months while 50 per cent were employed again after three months. He urged that employers and the unions should overcome as soon as possible their different views on how the labour market problems should be dealt with.

Mr. Wim Kok calls Mr. van Veen's statements on social security payments highly provocative. "He tries to widen the distance between the working people and the inactive in society. But we are not prepared to give up the solidarity with those who are not able to work."

But there are growing indications in the fact that Mr. Kok may be losing control over his members. Observers think that that is the reason for the wage claims threatened by the trade unions, especially in the strong-

er industries. Those claims are on top of, and not in place of, the demands for a reduced working week.

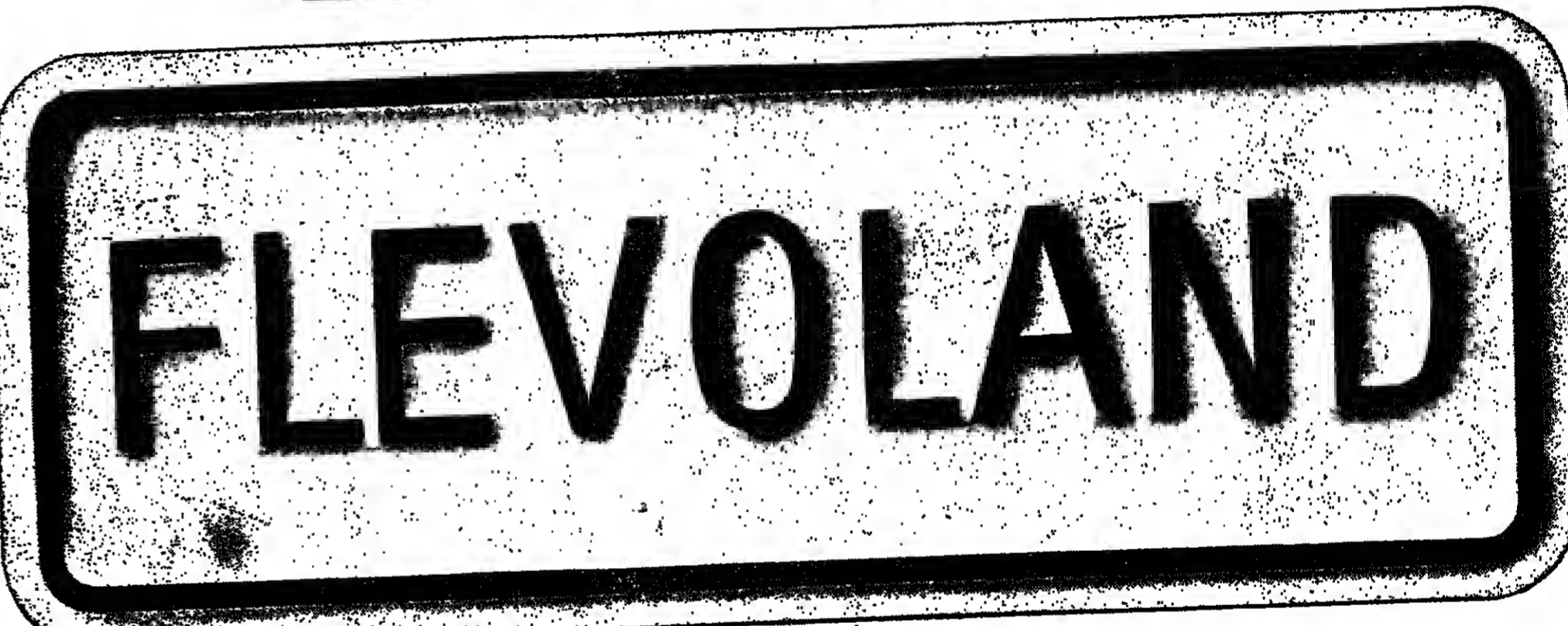
Dr. Albeda said of the current discussions on the reduced working week: "Employees may well ask for more jobs rather than for more money, but if the latter raises wage costs, the impact on corporate profitability will be negative and so will the impact on employment."

Dr. Albeda did state, however, that given workers' demands for a reduced working week, and five-shift working, the employers' worries about high absenteeism and a shortage of staff owing to a lack of mobility of labour and the government's need for wage moderation, some way of reconciling all the demands in one policy could be found and that he was working on this.

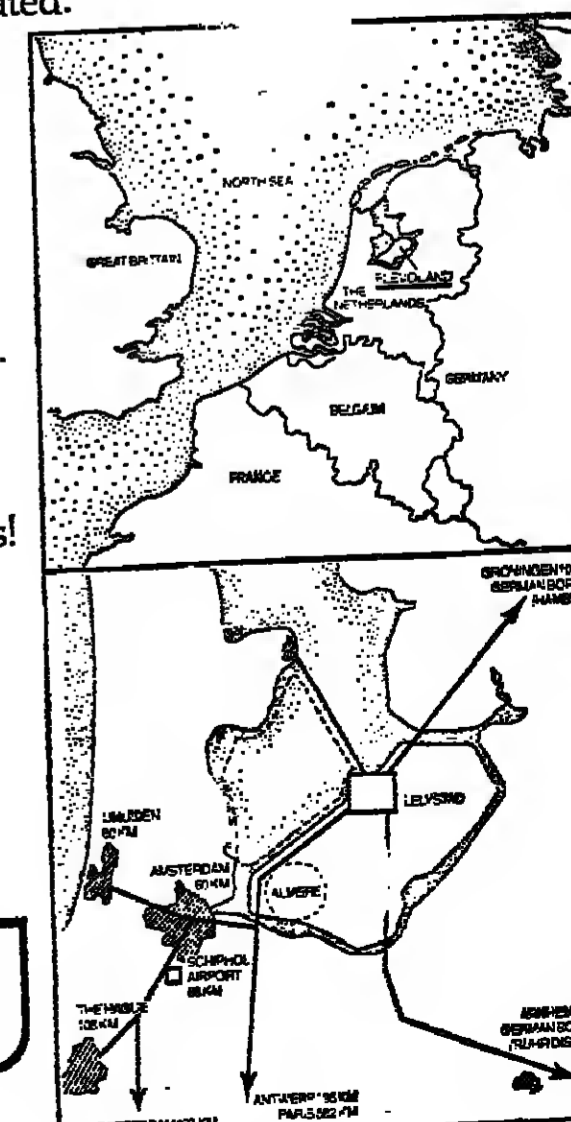
The unions' hostility towards the current Right-of-centre Cabinet is unlikely to be soothed, however. In the meantime, the unions' threatened demands for higher wages in strong industries may well be taken over in industries across the board. This, it is feared increasingly, could easily lead to industrial disputes on an un-

Dutch scale.

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Flevoland, Holland, has room for your future

Nuclear debate

CONTINUED FROM PREVIOUS PAGE

steam coal over a 10-year period starting in 1980 was signed in September between a Dutch trading group and the Polish state coal company.

The subject of the Netherlands' own reserves of coal is frequently raised but the Government sees no prospect of them being exploited this century. The cost of re-opening the mines, which were closed down in the late 1960s and early 1970s, would be prohibitive. Even allowing for improvements in mining technology and the rise in energy prices generally, their exploitation would be uneconomic. The underground conversion of the coal into gas is a long-term possibility, but the seams are so deep and fragmented that even this would have to wait until long after the year 2,000.

However, the Netherlands is following closely experiments being carried out in West Germany and Belgium. The gasification of imported coal is a likelier prospect and would offer the twin advantages of being acceptable environmentally, and of making use of the country's extensive network of gas pipelines and pumping stations.

Gas is the least controversial piece in the Dutch energy jig, saw, although accounting as it does for just over half of total primary energy supply it remains an essential element. With no prospect of major new discoveries the emphasis is now on the best possible use of existing supplies and on increasing imports. To retain the large Slochteren field as a strategic reserve the smaller fields are being used up first.

Netherlands has enough gas for another 45 years.

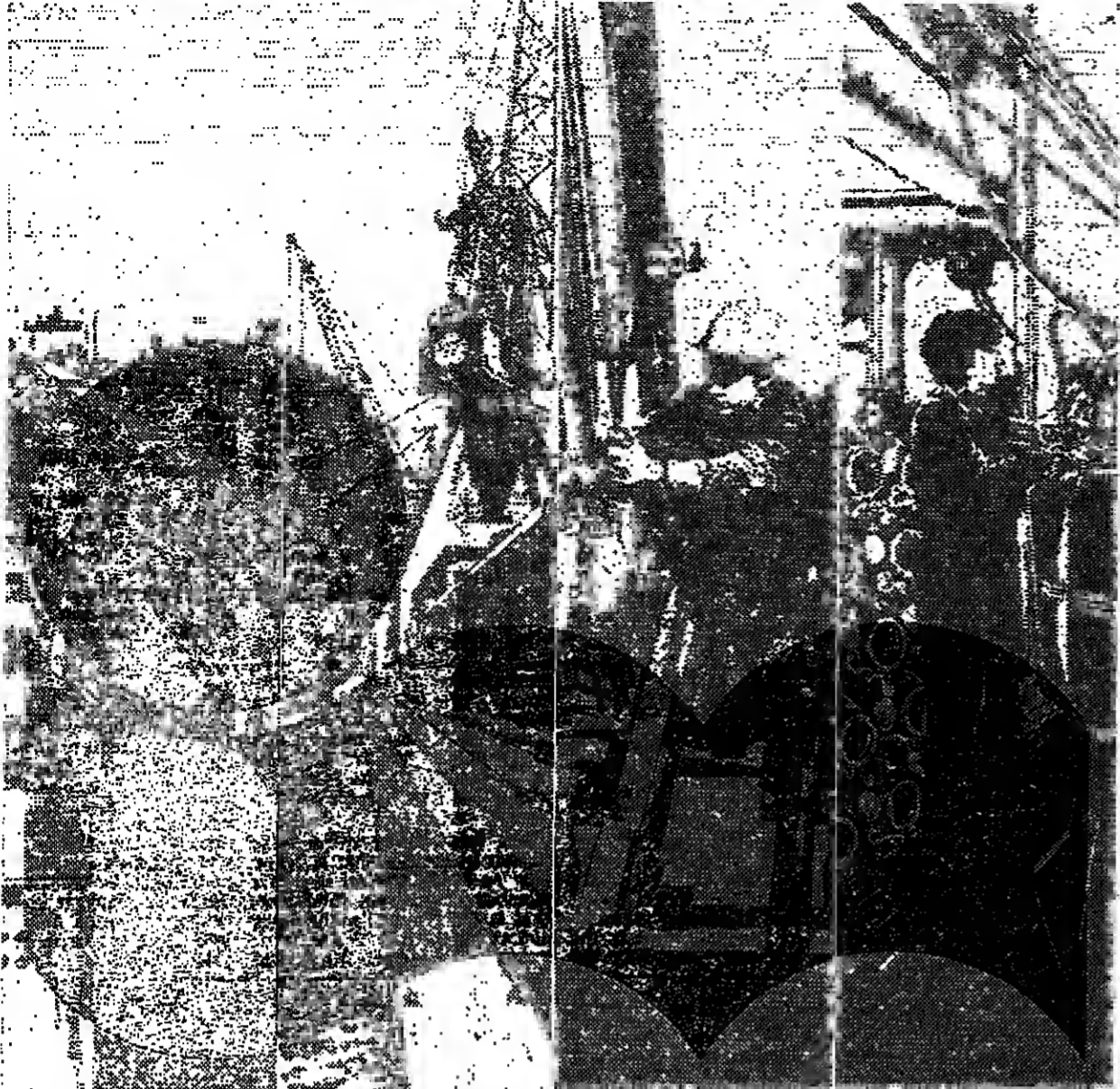
Earlier this year, the Netherlands reached agreement with Algeria on the delivery of 112bn cu. ms. of liquefied natural gas over a 20-year period. This contract was for a much larger volume than the 80bn cu. ms which was originally under discussion and further talks are now being held with Sonatrach, the Algerian gas producer. The Dutch are keen to diversify their gas imports and talks were recently held with the Soviet Union, while Norway, which recently announced a sizeable new discovery, is also seen as having the potential to increase its gas deliveries.

Prices

In line with its policy of restricting gas to home heating and high technology uses the domestic price has been brought in line with the world price of oil. The export contracts, which respond less rapidly and less fully to rises in the oil price, have been criticised by Dutch industry. With delays of up to a year in the adjustment of the export price of gas, the Netherlands is often in the position of supplying foreign competitors with cheaper gas than its own industry. The Economics Minister, Mr. Gijs van Aardenne, hopes to persuade West Germany, Belgium, France and Italy to accept a more complete system of indexation.

Other sources of energy, such as wind and solar power, waste incineration and district heating, are only expected to make a small contribution to the Netherlands' energy requirements. The Dutch climate makes improved house insulation a better prospect than solar heating. Nevertheless, studies are being carried out into the possibility of summer solar storage for winter use and solar cooling. The construction will start shortly of an experimental wind turbine with 25 metre rotor blades on the coast at Petten, north of Amsterdam. This modern development of the traditional Dutch windmill will feed power into the local grid.

internatio-müller: adding it all up



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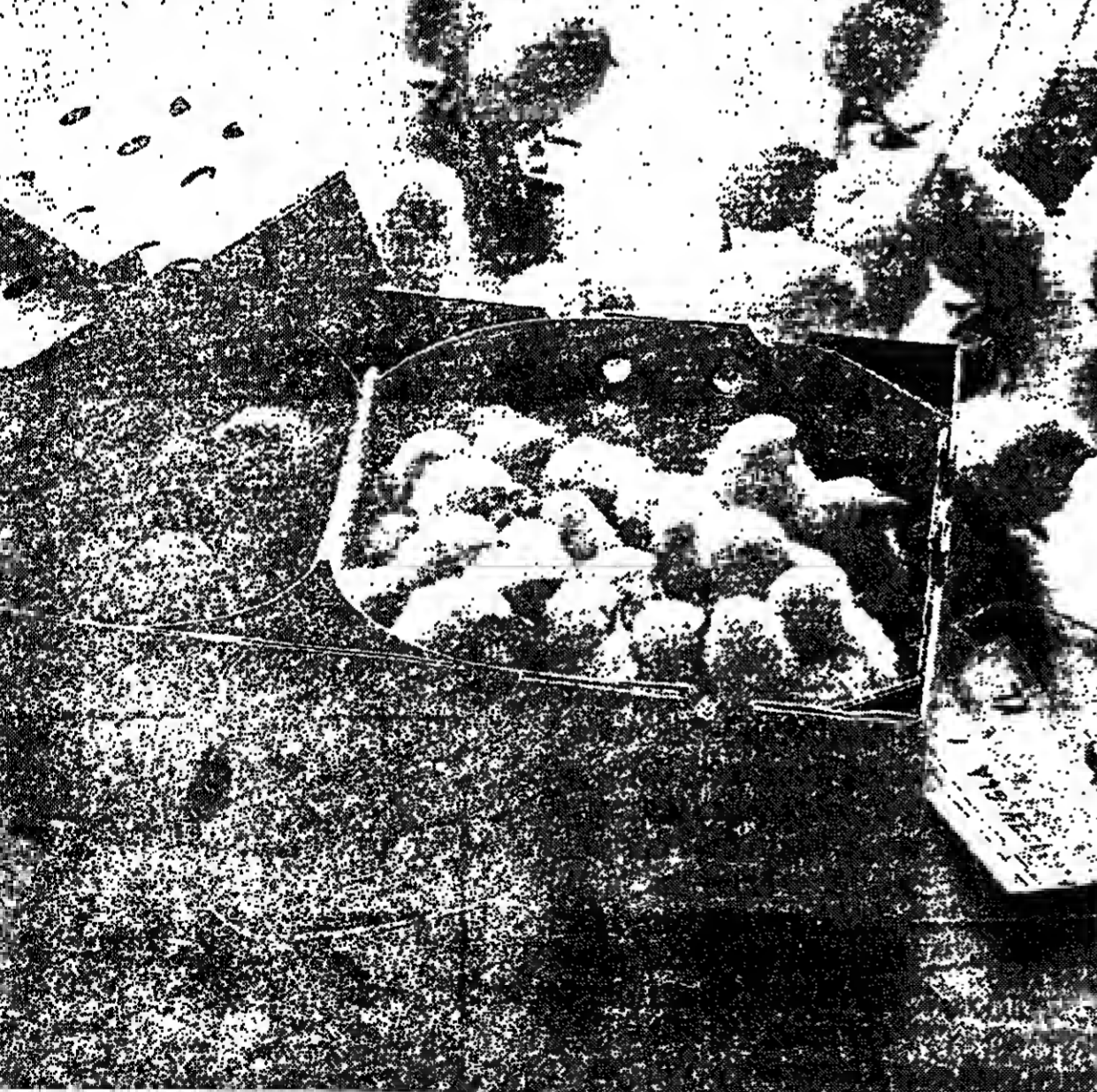
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Dutch imports around Dfl. 115,000 million.
Dutch exports around Dfl. 110,000 million.



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هكتان من التحول

Some prominent personalities

PROFILES BY CHARLES BATCHELOR



Gijs van Aardenne

WHEN Prime Minister Dries van Agt named his cabinet, nearly two years ago, he promised they would be a "hard-working, unpretentious crew," setting the tone for his Government's low-key approach. In Gijs van Aardenne, his Minister of Economic Affairs, he has found perhaps the personification of this ideal. In attempting to reverse the decline that has affected many sectors of Dutch industry in the 1970s and open up new and more promising fields, van Aardenne faces a daunting task which he is tackling with vigour. And he certainly could not be accused of pretension in his rather pedestrian presentation of his policies to parliament and the public. Even his political allies will admit that the far-reaching economic policies of the present cabinet have not been put over with the force they merit.

Van Aardenne took over the economic portfolio in December, 1977, at a time of re-evaluation and change. This had already been set in train by his predecessor Ruud Lubbers under the previous left-wing cabinet, which began to cut back on the rate of increase of public spending. The current centre-right Government understandably lays greater emphasis on the

role of the private sector in providing a stimulus for the economy. Two areas which have kept van Aardenne particularly busy have been those of investment incentives for business and energy policy. The new investment account scheme, introduced in May, 1978, allows loss-making companies to benefit from subsidies and gives additional benefits to the regions. This has been strengthened this year by a scheme for supporting whole sectors of industry in place of merely aiding individual companies. On the energy side van Aardenne's department is now drawing up proposals for the role of coal and nuclear power in the coming decade. The Netherlands must decide on its fuel mix now that reserves of natural gas are being used more sparingly.

Van Aardenne was born in Rotterdam in 1930. After opting for the scientific side at the local "gymnasium," he went on to study mathematics and physics at Leiden University. He then went to work for the engineering group, Penn en Bauduin, in Dordrecht, which specialises in oil and gas equipment, and between 1967 and 1970 was managing director of the company. He became a member of the Right-wing liberal party on the municipal council of Dordrecht in 1964, eventually being appointed leader of the party on the council. Except for a break of three months in 1971, van Aardenne was a liberal party MP in parliament until his appointment as Minister for Economic Affairs.

As the only Liberal Party minister in the important social-economic-financial triangle of ministers, he is called upon to work closely with his two Christian Democratic colleagues. The fact that van Aardenne, finance minister Frans Andriessen and social affairs minister Willem Albeda are closely matched in ability plays no small part in the success of that co-operation. In a recent assessment of the performance of the current Cabinet carried out by the weekly magazine, "Elsevier," van Aardenne emerged, in the view of other politicians, as one of the strongest ministers. His strength lies in his ability to take difficult decisions, though he lacks a flair for inspiring others.



Dirk de Bruyne

IT COULD convincingly be argued that Dirk de Bruyne, president of Royal Dutch Petroleum and chairman of the board of the committee of managing directors of the Royal Dutch/Shell group, is the most powerful man in the Netherlands. He presides over the third largest company in the world, with 1978 sales of Fl 101bn (\$50.5bn), a sum larger than the Fl 97bn direct spending by the Government of the Netherlands in that year.

Yet, in the way of the giant multinational corporations, he is not a well-known figure, outside a fairly small circle of oil men, Government officials and stock market analysts, despite the controversy surrounding the oil companies. Part of the explanation of this lies in the fact that De Bruyne is only one of the eight members of the committee of managing directors of the Anglo-Dutch group. Responsibility for decisions affecting the world-wide group is shared, a point De Bruyne himself is happy to stress.

The dual nationality of the group, with 60 per cent in Dutch hands and 40 per cent in British, also supports the anonymity of its senior directors. While there are sound historical reasons for this, it produces the feeling, at least, that Royal Dutch/Shell is the quite as tangible as say, Philips or any other solely Dutch-based company.

This elusiveness is strengthened by the presence of local operating companies. If Royal Dutch hits the headlines in the Netherlands, as it did recently when it broke a strike which had shut down its Rotterdam refinery, then it is the directors of Shell Nederland who put the company's viewpoint. Despite its importance for the Netherlands - Royal Dutch/Shell is the largest Dutch

company and even Shell Nederland comes sixth in the turnover listings in its own right - the company and its senior Dutch director keep a remarkably low profile.

De Bruyne in person lives up to the image of a senior oil executive, with perhaps just a touch of the banker in his taste for sober, pinstriped suits. His manner is reassuring, serious yet with a hint of joviality.

Born in 1920, he joined the Royal Dutch/Shell group at the age of 25 after studying economics in his home town of Rotterdam. Starting in the finance department, he worked his way up in the succeeding 22 years to become head of the Dutch arm of the group. The death last month of Michael Pocock, chairman both of Shell Transport and Trading and of the group committee of managing directors, led to De Bruyne taking over the top post in the Royal Dutch/Shell group.

De Bruyne is the only one of the four Dutchmen who make up half of the committee of managing directors who is not an engineer by training. After 10 years in the financial department in the Netherlands, he went to Indonesia where he became treasurer in 1957. A series of financial appointments followed in London, The Hague and Italy as he began the traditional round of the group's world-wide operations. After three years as regional coordinator for the group's oil interests in Africa, he was briefly general manager of Deutsche Shell before returning to London as Director of Finance in 1970.

He became a managing director of Royal Dutch Petroleum in 1974 and president three years later. At the same time as his appointment as president in 1977, he took over the chairmanship of Shell Oil Company, the U.S. subsidiary, 69 per cent owned by the group, and became a director of Shell Canada.

De Bruyne heads Royal Dutch Petroleum in no less settled times than his predecessor, though he does benefit from the fact that the lessons of the fourfold increases of oil prices in 1973-74 can be applied to the less steep rises of 1978. With the increasing control of the OPEC countries on the production end of the oil pipeline, Royal Dutch/Shell is seeking to develop its strong position in the retail market, he said soon after taking up his present appointment. Despite the failure of its move into nuclear power in the early 1970s, the company is continuing to diversify, developing its coal and metal interests alongside the dominating oil and gas.

The effect of price rises on the valuation of stocks and the accounting principles applied to this, as well as the impact of currency movements, are a growing consequence for all companies' profits. At such a time a company is well-served by having a financial man at the top.



Jan Dutman

THE NETHERLANDS' 1.1m public sector workers - from bus drivers and road sweepers to teachers and tax inspectors - have become uncharacteristically militant during the past year. The man who has headed this development is Jan Dutman, leader of the largest of the public sector unions.

In the highly indexed Dutch wage structure, the salaries of Government and municipal workers are linked to those of private industry. The discovery that faulty calculations had tipped the scales too much in favour of the public sector over the past few years, and the Government's desire to cut back public spending, has led to a re-adjustment of the index. This has provoked howls of protest, and a series of demonstrations, strikes and go-slows.

These protests have not persuaded the cabinet to change its mind but they have stopped trams and buses and postal services. These symbolic actions have been well organised and have usually lasted for only a day, but they are nonetheless unusual in the Dutch context. The 60-year-old Dutman, who began his career at the age of 15 in the municipal treasurer's department of his home town of Zwolle, says the current wave of militancy would have occurred even without his leadership. The good times are over, when public sector salaries rose steadily each year in time with the Netherlands' increasing prosperity, he says. It is clear, though, that Dutman's tough, no-nonsense style of negotiation makes him the ideal man to lead his union in its talks with its members' employers, the Government and local authorities. His rise to prominence comes at a time

when the more moderate union leaders, who have dominated the stage throughout most of the 1970s, appear to be losing the support of their rank and file.

Dutman heads the largest of the many unions into which the public sector workers are grouped. He has been chairman of the General Union of Public Sector Workers - ABVA - with its 193,000 members, since 1976. At the same time, he heads the 300,000-strong General Committee of Government Personnel - ACOP - of which ABVA and five other unions are members. Dutman's ABVA, and most of the other ACOP unions, are in turn affiliated to the largest and most militant of the two big Dutch union federations, the FNV.

After four years of secondary education, Dutman went to work for Zwolle town council for 14 years. For most of that time he carried out unpaid administrative work for the union he now heads, moving to The Hague in 1949 as a salaried official. He became a member of the executive committee in 1959 and elected chairman three years ago. His activities have brought him not only into conflict with the employers but also with the other unions, representing the public sector. Dutman wants the union panel which negotiates with the employers to reflect the strength of the member unions. At the moment the Central Organisation of Senior Public Servants, with 30,000 members, has the same number of representatives as the much larger ABVA. Here, too, Dutman is intent on changing the established pattern which, he feels, no longer best serves his members.

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Dr. Christoph van der Klaauw

GIVING A neat twist to the truism that the Netherlands is a small country, the Dutch are fond of saying that they really need more than one Foreign Minister since their "abroad" is so large.

Two recent holders of that office, Joseph Luns and Max van der Stoep, both in their own way responded to this challenge. Luns did it with his vigorous support of campaigns such as that for British entry to the EEC. Van der Stoep with the espousal of moral issues such as human rights.

The style of the present Foreign Minister, Dr. Christoph van der Klaauw, could not be in greater contrast. A career diplomat without political experience until his appointment to his present post, he represents a quieter, more pragmatic approach to foreign affairs than some of his recent predecessors.

While the fundamentals of Dutch foreign policy of the past three decades are being maintained under Van der Klaauw's support for an integrated European community, for a strong NATO and concern for the welfare of the third world—the style is more restrained. The warning finger will be wagged a little less often and a little less vigorously at a world which does not live up to Dutch expectations of it.

Born in Leiden in 1924, Van der Klaauw took the classics at the local "gymnasium" before studying history at his home town's famous university. The doctorate he

gained in 1953 was for a dissertation entitled "Political relations between the Netherlands and Belgium, 1918-1939." He became a member of the Liberals—though he puts himself on the left of the party—which forms the right wing of the Dutch political spectrum.

He entered the foreign service in 1952 and moved up the diplomatic ladder with appointments in Budapest, Oslo and Rio de Janeiro. His postings to various embassies were interspersed with attachments to departments dealing with the affairs of NATO, the North Atlantic Council and the Organisation for European Economic Co-operation.

Between 1970-1974 he was the Netherlands' deputy permanent representative at the United Nations in New York. After his appointment as ambassador in 1977, he became permanent representative at the UN and at other international organisations in Geneva. Later that same year he was appointed director general for European co-operation at the ministry.

Van der Klaauw is conscious that the gobs he has set himself will not put him into the headlines, in the same way as his predecessors, though this does not make his aims any less important. He is working with the Economics Ministry to improve the contribution of the diplomatic service to the country's export drive. He also wants to open the service to businessmen who could take a five-year secondment to give the

diplomats the benefit of their experience.

This does not mean issues such as human rights will be neglected—they were discussed on Van der Klaauw's recent visit to South Korea—but they will not form the major issue in any discussions.

He is also working on a reorganisation of the ministry to increase its efficiency. A move from the 23 buildings it occupies (scattered throughout The Hague) to a new purpose-built ministry will certainly help.

Van der Klaauw decided at an early stage that the stormy relations which existed between his predecessor and the Minister for Overseas Development must not be continued under his ministry. Twice weekly staff meetings of the two departments are held and Van der Klaauw and the Development Minister, Jan de Koning, have taken adjoining offices in the ministry.

The lack of a political background has shown up in Van der Klaauw's appearances in the Lower House of Parliament. He is not a strong speaker and the rough and tumble of political debate appear to leave him winded. This undoubtedly is a serious weakness in a country where parliament and public take a close interest in foreign affairs. But Van der Klaauw's diplomatic background stands him in good stead in his efforts to put across the message that Dutch foreign policy has entered a calmer, less dramatic phase.



Van der Klaauw



Zijlstra

Dr. Jelle Zijlstra

FOR Dr. Jelle Zijlstra the presidency of the Dutch Central Bank is only one stage in a career which has also embraced the academic world and politics. Nor does the 61-year-old Dr. Zijlstra take a narrowly national view of his responsibilities. He is also chairman of the managing board of the Bank for International Settlements in Basle and a governor of the IMF.

As the problems facing the Dutch economy mount, his position as defender of the value of the guilder has made him the focus of increased attention. Aware of his ambiguous position as an independent authority, working within the broad policies formulated by the finance ministry, his public warnings to the Government have been cautiously worded if unmistakable in intent.

Dr. Zijlstra rations his public utterances, but when he does speak, his views are accorded great respect—by ministers and bankers. He weighs his words very carefully to achieve the desired nuance and effect. This, and his academic background, suggest a touch of the pedant. In fact the result is a clarity

of expression leavened with a dry humour.

Despite the tough controls over the Dutch banks, which have been referred to as "my banks," bankers praise the flexibility of the Central Bank and its appreciation that a quick decision is often called for while the bureaucratic detail can be sorted out later.

Born in the Friesian village of Oosterherium, Jelle Zijlstra was one of five children from a farming family.

After completing his studies, he decided on an academic career, but between two periods of professorships at the Free University of Amsterdam he spent seven years as economics minister and four as finance minister. Before taking up his appointment as president of the Nederlandsche Bank in May, 1967, he was called on to form an interim cabinet in which he acted as prime minister, minister of general affairs and finance minister all at the same time. After remaining in power for just over four months he took over the post he has now held for 12 years.

New plans to aid selected areas

THE REGIONS

CHARLES BATCHELOR

THE NETHERLANDS would not, at first sight, appear to be in obvious need of regional policies. It is a compact country of 14m inhabitants with a standard of living among the highest in the world.

This prosperity in fact leads to an accentuation of the regional differences, however small they may appear by international comparison. And while the traveller through the Netherlands finds it difficult to escape anywhere from the presence of his fellow-man, the lightly populated eastern provinces do offer a sharp contrast with the crowded "randstad" of the west.

Unemployment was the highest, at 8.8 per cent of the working population, in the south-easternmost province of Limburg in September, 1979. The region has been unable to attract sufficient jobs to replace the 45,000 lost by the closure of its coal mines between 1965-75.

Groningen, in the north-east, which suffers from its distance from the main centres of business activity and its largely agricultural economy, followed with 7.7 per cent joblessness. The five per cent national unemployment average was also exceeded by Friesland, Drenthe and North Brabant. In Utrecht province unemployment was only three per cent.

Regional policies developed naturally out of general industrial strategy during the 1950s as it became clear that some parts of the country were not doing as well as others. By means of premiums for companies in the regions and a programme of improving the infrastructure, by developing roads and factory sites, the further relative decline of the regions which threatened was averted.

The billions of guilders which

went into building dams, roads and bridges in Zeeland after the disastrous floods of 1953 removed that province from the general regional support programme. However, the decision to shut the loss-making coal mines of South Limburg, unavoidable though it was, meant a region which had previously had a healthy economy has become a major source of concern.

Problems

The shock of the sharp oil price rises of 1973-74 once again accentuated the problems of the regions. The general economic stagnation which has followed and the decline in the number of jobs provided by industry has led to a re-evaluation of the government's policies.

Greater importance is now being accorded to the services sector—banks, insurance and transport—and to the so-called fourth sector—Government—in regional policies. Premiums are now given to encourage the services sector to set up in the regions but the attraction of the west of the Netherlands is so strong that this has had little success. It has therefore been decided to set up a commission to study the process of decision-making in this sector, said Mr. Sybren Miedema, director general of regional policy at the economics ministry.

The dispersal of government departments to the regions started off as an attempt to relieve pressure on The Hague, but it was soon seen as a useful stimulus for the regions. Despite the initial reluctance of the civil servants involved, some departments have made a successful move and a further 3,500 government jobs have been promised for the north and south east of the Netherlands over the next five years.

The Central Statistics Office (CBS) moved some of its operations to Heerlen in South Limburg. More than half of the expansion of the CBS now planned will take place there and not in The Hague. The removal of the Post Office is proving more difficult and made the planners wary of trying to prise away well-established departments with good organisational reasons for being in The Hague. The emphasis is therefore now on setting up new departments in the regions.

Studies have shown that civil servants who make the move enjoy the better quality of life in the uncrowded east while department heads can more easily find staff. The regions benefit from guaranteed jobs which will not be scrapped during a recession, which is often the case with industry. Many of the jobs moved are high quality white collar appointments. Government services are expanding and so provide the

CONTINUED ON NEXT PAGE

Pieter Lakeman

JUST over three years of fighting for higher standards of company accounting, Pieter Lakeman has taken care of the largest companies in the Netherlands. He has made himself popular with finance directors or accountants who command a great deal of respect.

Lakeman, a 37-year-old economist, set up his Foundation for Investigation of Business Information—SOBI in Dutch for short—in April, 1976. His aim to force managements to be absolutely open about their financial affairs so that shareholders, works councils, the banks, creditors and customers can form a sound judgment of the company.

Surely this is covered by the company's act which takes effect from 1978, Lakeman thinks not. He believes that not drawn up deliberately errors in allowing companies to "improve" the look of their financial statements, but also that it has not kept up with modern developments. Surely then the business number attached to the Rotterdam district court would be that the law was not good? Until Lakeman came on the scene, the law had been very keen to fight through the courts. In fact, our judges had little to say until Lakeman began his campaign.

Working from one room, serves as an office and quarters, on one of Rotterdam's picturesque canals, Lakeman has opted for a simple existence until, he says, the fees earned on carry-out investigations for shareholders, pro-

duce enough revenue to provide a reasonable living and perhaps a bigger start. At the moment SOBI is practically a one-man show, though he does have a part-time secretary and a lawyer friend to handle the legal side.

After qualifying as an economist — economics with statistics — he went to work for a large shipping group in Rotterdam, where he became head of their small operations research department. He left after three years to set up SOBI, feeling that it would be more satisfying, more useful.

Using published information and his own sources Lakeman has challenged some large companies and in the meantime he has won. The beginning was not auspicious however. Acting on behalf of the food industry unions SOBI challenged Homburg, a subsidiary of the J. Lyons group, in April 1977, and lost. His first success came a month later when the business chamber quashed the accounts of the foundry and metal products company, Vulcaansoord and ordered the board to prepare a new set.

Since then he has taken on in quick succession, the food group KSH which has since gone into liquidation, and the transport trading and property concern Pakhoed. He won both cases and is now challenging the cruise and tourism company Holland Amerika Lijn and the paper manufacturer Van Gelder. In June he began an action against two much larger companies, the steel maker Estel and the construction and trading group Ogem.

Lakeman's single-minded campaign has shaken up the Dutch business and accounting world.



Lakeman

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Lakeman's single-minded campaign has shaken up the Dutch business and accounting world.

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THE NETHERLANDS X

Hard-hit sector is now more hopeful

SHIPBUILDING

MICHAEL VAN OS

RELATIVE PEACE has returned to the Dutch shipbuilding sector. All major reorganisation programmes have now been announced and are being implemented at full speed. The trade unions have been co-operative so far, and no major strike action has occurred to thwart the plans. Personnel reduction has largely been achieved through natural wastage and there have been no major redundancies. The reorganisation will, in practice, mean that the total number of employees will be cut by an average of 30 per cent. Actual shipbuilding capacity is being cut more substantially. The percentage at companies building large-size ships is higher elsewhere the figure will be lower. However, discussions on cutting capacity in the former sector have not yet been concluded.

As with similar schemes in Western Europe, the aim of the Dutch reorganisation programme is to stimulate the sectors that are considered to have a reasonable future, and to cut other sectors drastically where the outlook is particularly grim. What capacity remains in the 1980s, in terms of shipbuilding capacity, should be modern and competitive.

Cebosine, the Netherlands Association of Shipbuilders, said in September that it was not too optimistic about the prospects. It felt that the reaching State aid measures have not quite had the desired effect so that the maintenance of a reduced and restricted shipbuilding sector is assured for the future.

a tonnage of 166,641 grt, which was down 44,562 grt from the position three months earlier. According to the annual statistics supplied by Cebosine, the Dutch shipbuilding sector declined to Fl 1.4bn in 1978, from nearly Fl 5bn in 1977 and Fl 5.2bn in 1976. The share accounted for by exports dropped to Fl 1.6bn, from Fl 2.4bn and Fl 3bn, respectively. The impact of capacity reduction and the lack of orders is also very evident. The number of people employed in shipbuilding has declined to 39,900 in 1978, from 43,100 in 1977 and 46,500 in 1976. Only 4.1 per cent of Dutch industrial workers are still employed in shipbuilding.

The Economics Ministry acknowledged in its Budget Memorandum for 1980, published in September, that the many hundreds of millions of guilders injected as part of the policy plan into the shipbuilding sector, in the period 1977 to 1980, would not be sufficient. It also stated that its policy of loss participation had not provided the desired impact on orders received as a result of the long duration of the crisis. Economics Minister G.J. van Aardenne announced he would ask the Policy Committee whether it is necessary to amend the plan in the light of the changing circumstances and to study whether more general aid measures would be more effective.

Plan amounted to an annual investment premium of 4.75 per cent over the invested value, spanning five years. It said that the scheme had resulted in a "reasonable" number of orders for Dutch shipyards, particularly those constructing smaller merchant vessels. Fleet investments had been running at Fl 1bn a year. But, the organisation added, for the coming years the need to modernise the smaller ships in the Dutch fleet would scarcely arise. The Royal Shipowners' Association (KNOVA) noted, in its annual report, that the fact that 16 ships were not constructed in the Netherlands during the period the Maritime Plan was in force was attributable, for example, to better delivery dates or financial conditions offered abroad.

The quoted shipbuilding company Van der Giessen-de Noord, where small to medium-sized ships are built, has also been curtailed, but the longer-term future for its products looks somewhat better. The yard is to be modernised with State assistance, and the Government has also taken a majority interest in the company, in which the large RSV group already has a stake.

Van der Giessen is still heavily in loss, however, with the first half loss amounting to Fl 22.2m, compared with a loss of Fl 8.9m in the same period of 1978. The loss for the full year is not expected to differ much from the half-year figure.

By far the most drastic reorganisation has taken place at Rijn-Schelde-Verolme (RSV), the shipbuilding and engineering group. It has hired off its capacity for building large ship and large offshore installations to be operated at reduced capacity under the State's responsibility. After a series of mergers in the Dutch shipbuilding and engineering sector which started in 1965, RSV emerged in its current form in 1971. Where as it had made a profit of Fl 66m in 1974, the ferocious impact of the depression in the shipping market became obvious in 1975. In the years 1976 to 1978, the loss has totalled Fl 144m.

Competition

The Netherlands Credit Institution for the Shipping Sector, said that in all, 182 ships mainly smaller types, were built in the period January 1976 to June 1978, when the Maritime Plan was in force. At the end of last year, 60 per cent of the fleet of smaller ships, totalling about 700,000 tons dw, was less than six years old. In 1978 alone, 57 largely new ships were added to this fleet, whereas many smaller and older vessels were disposed of. The KNOVA noted, however, that the average age of the Dutch merchant fleet had improved the last few years, but, at 10 years, was still "well below" that of competing European countries.

Though welcoming the fleet modernising possibilities offered, the Netherlands' largest shipping group, Royal Nedlloyd in Rotterdam, said in its annual report, without mentioning the Netherlands specifically, that it was not unduly happy with the shipbuilding support schemes operated in "several countries". The company said it feared that capacity for building new ships was being maintained artificially as doubtful orders from a marketing point of view were being placed.

Facilities

"Given a continued bad market situation, shipowners should be offered attractive financing facilities on top of the existing aid measures. As long as no binding agreement has been made on this on an international scale, the level of national aid measures will be one of the most important factors in the struggle for the scarce orders," said an association spokesman.

Cebosine stated that as far as the current reorganisation was concerned, the Netherlands has started earlier than most other countries, who are often still at the beginning of this laborious and painful process.

Just how hard Dutch shipbuilding has been hit is shown by the decline in the overall order book value of the industry over the past few years. The estimated value of orders still in hand totalled Fl 1.8bn at the end of 1978, compared with Fl 2.4bn at the end of 1977 and Fl 2.6bn at the end of 1976. The Dutch share in world tonnage delivered amounted to 1.4, 1.7 and 1.8 per cent, respectively. More recent figures show that in terms of gross registered tonnage, the tonnage still in portfolio at June 30, 1979 amounted to 265,542 grt.

Figures from Lloyds Register of Shipping showed that as at June 30, 69 ships were under construction. This represented

operations were being threatened. And on June 1, announcing additional aid measures the Minister noted that RSV results in 1978 had only remained at the calculated loss level, as a result of the "artificial move" of selling off housing estates it owned.

The second batch of aid measures announced by the government, totalling Fl 195m, would be granted on condition that a management consultancy would review general efficiency within the group and the management structure. Following the proposals, it was announced in September that RSV will become strongly decentralised and seven largely autonomous units are being created.

In the letter of June 1, van Aardenne said he had been informed by the Shipbuilding Policy Committee, that the prospects for the construction of new large ships had been "very gloomy". He said that the rock-bottom level in this market, where RSV had been exposed more deeply than any other company, would only be reached in 1981 - profitability could only be expected around 1983, he added.

Selected areas

CONTINUED FROM PREVIOUS PAGE

promise of a steady growth of employment in the years ahead. Businesses expanding or setting up, in the development areas in the north and south-east can make use of a range of regional incentives. Despite this variety the economic ministry says that companies have no difficulty in finding out what aid is available and what is best suited to their needs.

The longest-running element in the system of incentives is the Regional Investment Grant (IPR) which is available for investment by industry or the services sector in the northern provinces, in the south of Limburg and in individual towns elsewhere such as Tilburg and Bergen op Zoom. Companies receive a grant of 15 or 25 per cent depending on the area to which they are moving for investment in ground, buildings and machinery.

Businesses investing in areas covered by the 25 per cent grant, as in southern Limburg, may choose to receive a lower basic premium of 15 per cent, plus Fl 12,500 (\$8,250) for every permanent job created. However, the "mixed" premium has not proved popular because it takes longer to establish that permanent jobs have been created.

The cost to the Government of the IPR scheme is about Fl 1.250m (\$125m) a year but an increase of Fl 1.75m has been budgeted for 1980.

The Investment Account Legislation (WIR), which took effect in May, 1978, is a more general instrument of investment policy but it does contain elements important for the regions. It provides aid for companies relocating out of the crowded west of the country and special regional supplements to encourage investment in areas with particular social and economic problems.

Parts of the provinces of

GOVERNMENT SPENDING ON REGIONAL POLICY

	1977	1978	1979	1980
Regional investment grant (IPR)	236	270	272	279
Special regional supplement (WIR)		75	145	155
Relocation grant (WIR)	7	20	10	10
Regional development company spending	79	68	not known	

Development company spending includes participations, loans and other financing. Source: Economics Ministry.

lished two policy notes focusing on the problems of the northern provinces and South Limburg. While the problems of these areas are particularly acute and the recovery process will be slow the policy notes have focused attention on regional problems. They have also given the provincial and local authorities a voice in a dialogue with the Government to determine regional policies.

The Structure Plan for the North (ISP) aims to encourage the provision of 20,000 jobs. Similar job-creating schemes are proposed in a document entitled "Perspectives for South Limburg".

To allow businessmen to plan ahead, the economics ministry sets regional policies for four-year periods, reviewing progress at the end of that time. It is now carrying out its regular internal assessment and expects to present its 1981-84 programme in September of next year.

The recent review of investment incentives left the regional element unchanged with the exception of a small cut in the "WIR" levy. However, the public spending curbs announced as part of the "Blue print 81" programmes have led to a reduction of funds set aside for improvements to the infrastructure, developing industrial sites and the relocation of industry.

A number of regional development agencies have been set up to assist specific areas. The

Limburg, Groningen, Overijssel, Drenthe and Friesland qualify as areas with significant problems and premiums of 20 per cent are available on business buildings and 10 per cent on fixed outdoor installations - which covers anything from a static crane to an oil refinery.

Since the WIR facility has only recently been introduced its effectiveness has still to be assessed but, on the basis of orders placed, assistance of Fl 75m in 1978 and Fl 145m in 1979 has been budgeted for.

Levy

To discourage a further concentration of industry and employment in the most prosperous part of the country a levy, established under the Selective Investment Regulations (SIR), is applied to investment in the western and central part of the Netherlands. A rate of 13 per cent is now proposed on new business buildings while an eight per cent levy has been set on fixed outdoor installations.

The SIR area covers large parts of the provinces of North and South Limburg and Gelderland as well as all of Utrecht.

Under the Government's new Sectoral Policy, which was announced in September, funds will be allocated to sectors of industry rather than to individual companies to support the process of renewal and modernisation. To soften the impact of this change of direction, job-support grants will be given in areas of high unemployment. These grants will decline, from Fl 110m (\$85m) in 1980 to Fl 30m in 1983, as the sectoral policy takes effect. But in the meantime they will provide an additional stimulus to regions with pockets of unemployment of 7 per cent and more.

The Government has pub-

Westland/Utrecht leaders in property financing.

Westland/Utrecht Hypotheekbank, the leading mortgage bank in The Netherlands, achieved further growth in the first six months of 1979.

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2. the financing of property transactions by building and other loans;
3. the development of housing estates, shopping centres and offices, as integrated projects, or otherwise and recreational projects;
4. the management of and investment in property for the bank's account and for account of third parties;
5. financing and project development in association with others;
6. the physical expansion of the bank's operations by issuing mortgage bonds via the Amsterdam Stock Exchange and by placing private loans. The mortgage bonds, which are all quoted on the Amsterdam Exchange, are easily marketable.

Westland/Utrecht has offices in the Netherlands and one in Basle. The real estate division also has offices in Brussels, Paris and Dusseldorf.

For further information, contact: Group Secretariat Westland/Utrecht Hypotheekbank, P.O. Box 10394, 1001 EJ Amsterdam, The Netherlands. Telephone: 020-263131 Telex: 16129.



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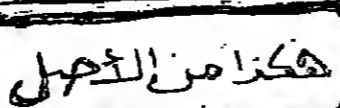
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A market with great potential

AEROSPACE

MICHAEL DONNE

For a relatively small country, the Netherlands has for many years had one of the most vigorous aerospace industries in Western Europe. This is largely built around the Royal Netherlands Aircraft Factories (Fokker), which employs over 7,000 directly on the research, development and manufacture of civil and military aircraft and in space activities. But the industry also comprises some major research and other institutions such as the Netherlands Agency for Aerospace Programmes (a semi-government body), the National Aerospace Laboratory (a research institute), and the Aeronautical Engineering section of the Delft University of Technology.

Today the industry is effectively represented world-wide by Fokker (originally founded by Anthony Fokker 80 years ago), which has carved a major niche for itself in the short-to-medium range market for small airliners, both jet and turbo-prop, although military aircraft also figure substantially in the company's current work programme.

In 1969 Fokker joined forces with Vereinigte Flugtechnische Werke of West Germany, under the Zentrale Gesellschaft FVW-Fokker. In what was at that time the first truly transatlantic aerospace collaborative group in Western Europe, with two basic operating companies,

Fokker-VFW and VFW-Fokker. But this association is now on the verge of being dissolved, with VFW itself likely to be amalgamated with the Messerschmitt-Bölkow-Blohm group in West Germany, and Fokker reverting to solely Dutch national status, although it will continue with the various international collaborative civil, military and space manufacturing programmes on which it is engaged.

Of these aircraft the most successful has been the two-turbo-prop engine F-27 Friendship, which has been in continuous production for more than 20 years. During that time more than 700 of these Rolls-Royce-Dart-powered aircraft have been built, including 205 built under licence in the U.S. by the Fairchild Industries group. The F-27 is thus already the best-selling turbo-prop airliner yet built, and interest in it remains so high that Fokker has decided to continue production of it during the 1980s.

The sister aircraft to the F-27 is the F-28 Fellowship, a

85-85 seat twin-engine jet airliner for short-to-medium hauls of which more than 150 have been sold world-wide. As with the F-27, many UK companies, including Rolls-Royce, are also involved in the supply of parts and equipment for the F-28.

Apart from its own civil programmes, Fokker participates in the European A-300 Airbus programme, with a 6.6 per cent stake, where it is responsible for production of all the moving parts on the wings. Fokker also contributes to the UK Short Brothers SD-330 commuter airliner, producing the outer wings and struts.

On the military side, Fokker is a member of the transatlantic multi-national consortium manufacturing the U.S. General Dynamics F-16 combat aircraft. Fokker is making 617 mid-fuselage sections and an equal number of wing-part sets for the F-16, and it has a final assembly line responsible for producing 174 F-16s for the Dutch and Norwegian air forces. Mid-fuselage sections and wing-part sets are also being delivered to F-16 assembly lines in Bel-

gium and the U.S. The production rate of Dutch-assembled F-16s is three aircraft a month.

But for the future Fokker is concentrating its civil plans in two directions—participation in the development of the A-310 200-seater version of the European Airbus (in addition to its share of the A-300 programme) on which discussions with the Airbus Industrie consortium are still in progress, and development of its own F-29 twin-engine short-haul 115-130-seater new-technology airliner. It is the latter which promises to be the major programme for Fokker during the 1980s. It has been estimated that up to end of this century there is likely to be a world market for upwards of 1,000 aircraft in this broad 100-130 seat category for new short-range jet airliners.

Demand

These will be needed to replace existing ageing aircraft, such as One-Elevens, Caravelles, early versions of the U.S. DC-9, Boeing 737 and Boeing 727, as well as to meet a newly emerging demand for quiet fuel-efficient short-haul air travel in countries where it has never before been available.

For some time past Fokker has been discussing its plans for the F-29 (originally known as the Super F-28) with airlines in many countries, and is now

collating the views of nearly 30 different airlines so as to refine the design of the F-29 during the coming winter. The aim is to start engineering development some time in 1980, depending upon world market demand, with first deliveries to the airlines in 1985. The Dutch Government has in principle promised its full support for the development of the F-29, but Fokker has also been discussing the possibility of risk-sharing international collaboration on the aircraft with manufacturers in Western Europe, the U.S. and particularly Japan, where interest in the aircraft is very high.

At present the possibility of collaboration with the UK is remote—although not entirely ruled out—because of the commitment by British Aerospace on the BAe 146 four-engine feeder-liner, which is a competitor for the F-29's markets.

It is also possible that the European Airbus Industrie consortium itself could produce a rival design, under its so-called Joint European Transport (JET) programme. Although no specific projects in this field have yet emerged, the Airbus group recently set up a project office to collate the ideas of its member companies.

Whether the F-29 itself continues as a solely Dutch national venture or as an international collaborative venture with companies in the U.S. or in

Japan, or whether it becomes part of some wider European short-haul jet transport programme under the umbrella of Airbus Industrie, remains to be seen. At present, Dutch Government and aerospace industry thinking appears to be based on keeping the F-29 as a separate airliner venture, although with some measure of international collaboration.

Certainly Fokker appears to have a substantial edge on the rest of the market, with the possible exception of Boeing which may emerge with a new variant of its 737 to ensure that it retains its currently dominant share of the short-haul market world-wide. Fokker is ahead of

Airbus Industrie in its design plans, although there is still the question of competition from the BAe 146 (although that aircraft has not yet won orders).

The F-29 is also important to Rolls-Royce, for it is possible that the UK company's new RB-432 engine could be used to power the Dutch jet. But here too competition is formidable, with the Franco-U.S. Snecma-General Electric consortium, CFM International, pressing hard with the derated version of its CFM-56 engine.

Fokker is clearly pinning much hope for its long-term future in the world short-haul civil aircraft markets on the F-29. It is not going too far to

suggest that this is probably the most vital project for the long-term success of the Dutch aircraft industry yet launched.

Thus the Dutch Government, and Fokker itself, will not surrender the currently advantageous position on the F-29 lightly; or see it submerged into a wider European programme without something substantial in return, such as a major share of any new European short-haul venture. The market is so great, and the rewards for any successful venture so high, that the Dutch industry is determined to get a substantial share of it through the 1980s and beyond.

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ESTEL Technical Services ESTEL

Some signs of recovery

CHEMICALS

SIMON GESCHWINDT

ONCE DESCRIBED as the "locomotive" of Dutch industry, the chemicals sector started running out of steam four years ago. Signs are that it is picking up again and optimism still cautious, despite greatly improved results—is breaking through.

Results for the first half of 1979 appeared to reflect a remarkable recovery in the fortunes of many chemicals producers. But closer examination reveals that the improvement is largely based upon real, long-term, strengthening of demand. Akzo's first-half net profit climbed from Fl 15.8m in 1978 to Fl 101.6m in 1979. But Fl 32m was directly attributable to profits on stock in hand generated by recent big increases in the value of petrochemical feedstocks. Value of stock had risen by a total Fl 114m, of which Fl 77m will be spread over trading results of the last two quarters.

The company forecasts a decline in profits during the second half of 1979. Stocks will have to be replaced at the skyrocketing prices imposed since the time of the Iranian revolution, trading has been slack generally during the holiday period. Nevertheless, proposals for an interim dividend in November for the first time since May 1975.

The DSM group's forecast of first-half losses of Fl 100-200m proved pleasantly inaccurate. Losses amounted to only Fl 35.6m, and the yearly loss will be considerably lower than expected. The group acknow-

ledges that improved product prices were based upon a demand strengthened partly by customers' stockpiling in anticipation of further feedstock price increases, a trend that is representative throughout the Dutch petrochemical industry.

Prices of chemical products, depressed by the effects of over-capacity, have shown a recovery this year, but not sufficient to offset the pressure on margins applied by feedstock price escalation. The industry's turnover increased to Fl 21,900m in 1979 from the 1977 figure of Fl 20,800m.

Investment

Investment in 1978 fell to Fl 1,812m from Fl 2,379m in 1977. Over-capacity is discouraging large-scale investment in the bulk chemicals sector, which is already over-represented in the Netherlands. Concentration is mainly on upgrading, energy-conservation, and environmental projects.

Exceptions include a multi-million gubder expansion programme by the U.S. company, Oxirane, and Akzo Zout Chemie's Fl 225m chlorine plant project. DSM and Shell are constructing

plant for production of gasoline additives to meet the demand following introduction of anti-lead legislation in Europe.

Oxirane plans expansion into several areas of butane-based production, including an octane-boosting gasoline additive, and catalyst initiators. Production at Akzo's planned 250,000 tonnes a year chlorine plant in Rotterdam will be aimed principally at the home market, and for captive use as vinyl chloride feedstock.

DSM started up its new 450,000 tonnes a year ethylene plant in Limburg early this year. The Fl 700m project probably will be the last of its kind in the Netherlands until the revival of ethylene demand and absorption of over-capacity forecast for 1985. By that time the Dutch petrochemical industry will almost certainly have committed itself to increased utilisation of liquid petroleum gas (LPG) feedstock.

A report published this year by Rotterdam harbour board and local councils emphasises the urgent need to construct LPG terminal facilities in the Rhinemouth area. It concludes that flexibility of gaseous feedstock is essential to long-term competitiveness, and vital not

only to the industry's growth, but even to its survival.

Europe's petrochemical industry forecast an increase in use of LPG from 1 per cent in 1975 to 5 per cent of total feedstock in 1982. The forecast for the Netherlands is 10 per cent in 1982 rising to 35 per cent in 1995. Shell and BP have already submitted a request for planning permission for a joint LPG terminal in Europoort.

The Dutch are attracted by brighter prospects in the fine chemicals sector. It has the advantages of high added value, a relatively low energy quota, and can compete on quality and innovation rather than price. But any change of direction will be very gradual.

At the May annual meeting of the Federation of Dutch Chemical Industries (VNCI) its chairman, Mr. E. W. ter Horst, pointed out the current disadvantages of operating in the Netherlands. He said that in addition to the high labour, energy, and environment costs, the adverse effect on export potential by the hard guilder measured against weaker currencies, and "the dangerous level of U.S. and East bloc imports," the Dutch chemical industry is currently threatened with further government involvement in product development and marketing. A government proposal to introduce a special system of licensing new chemical products—going far beyond EEC guidelines—threatens the competitiveness of Dutch producers on EEC markets.

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More expansion abroad

THE DUTCH publishing industry, firmly based on steady growth achieved in recent years, is now expanding in new directions to escape the limitations of the Dutch language and the relatively small population in the domestic market.

PUBLISHING LORNE BARLING

The recent merger between two major publishing companies, Elsevier and Netherlands Dagbladen (NDU) has created a group which is large enough to undertake this kind of expansion abroad while retaining an unassailable position at home.

Although there were early years of some rationalisation and loss of jobs after the merger, the two companies had largely complementary interests and their operations appear to have dovetailed successfully.

In general, the Dutch publishing industry is widely diversified from newspaper and magazine companies to scientific journals and books, with subsidiaries publishing in West Germany, Belgium and other European countries. There have also been recent acquisitions in the electronic information field, which is now growing fast.

Newspaper publishing has recently recovered from a period of poor profitability, mainly as a result of strong growth of advertising volume and improved readership. Similarly, magazine sales and advertising have been buoyant.

Specialist magazines have also shown healthy improvement in sales, and this is expected to continue in line with the need for trade and other magazines which deal authoritatively with single topics, although the limitations of the Dutch language market are particularly evident here.

The general books market has been through a bad period, with sales stagnating for some years, and this is attributed largely to a switch from books to magazines and there is little sign of this shift in the consumer pattern changing.

It is against this background that Elsevier and NDU merged, causing a considerable stir in the publishing world, already dominated by a few large companies. It created the first fully integrated publishing group, with book, newspaper and magazine interests. Other groups have tended to concentrate on only some of these activities.

was estimated that annual sales of the group would exceed £1 bn. (around £250m). The present year will be the Elsevier-NDU combine's first financial year, and although its first six months' net profit growth of 8 per cent was disappointing, growth of around 10 per cent is expected for the year as a whole.

Now equipped with a strong financial base and the ability to compete with the major international publishers, the group's primary aim is to break into the lucrative North American market, particularly in the publication of magazines.

According to a recent report by the Amsterdam-Rotterdam Bank, the group also regards the acquisition of a foothold in the North American market to be important for product innovation, which is strongest in the market in question. A company spokesman said that it was particularly interested in the developing electronic information systems which it believed to be important in the future for publishing companies.

According to Amro, the group's newspaper and printing divisions each contribute 22 per cent of sales, followed by 17 per cent from the periodicals division and 6 per cent from the retailing division, which includes a number of bookshops and a mail order house. A further 16 per cent of sales came from scientific publications.

Amro Bank suggests that future growth can be achieved through the company's own resources, although considerable expansion through acquisition, which is planned in the U.S., may require an increase in equity capital. At present around 70 per cent of the group's sales are in the Dutch market, much of the remainder in Belgium and West Germany, where the periodicals division has a number of operating companies.

The America division started operating as a separate entity at the beginning of this year and is expected to contribute soon to a shift in the balance

of international business. The Elsevier-NDU group has, through its merger, is now roughly on a par with Holland's previously largest publishing group, Verenigde Nederlandse Uitgeverbedrijven (VNU), which has also increased in recent years, reducing the risk it faces from cyclical changes in certain sectors of the industry.

Although the group's publishing activities are mainly in the Dutch language area, nearly 20 per cent of its revenue comes from abroad, although mainly from the Dutch-speaking part of Belgium.

As a result VNU is suffering from the same problem as other companies, the limitations of the Dutch population. It holds a high market share in its range

of activities which makes substantial expansion of its markets impossible, and to ensure longer term growth it is also looking abroad to expand, with particular attention focused on the English language area.

Around 60 per cent of the VNU group's turnover is derived from newspaper and magazine publishing. The magazine group produces a range of family, women's and juvenile magazines with strong market positions in the Netherlands and Belgium. It also publishes the weekly De Gids, and has recently started the lively news magazine, Nieuwsnet, which is looking promising as an unusually independent-minded publication.

VNU's newspaper group has four regional dailies with strong market positions, and profitability is high, but the books group which contributes around 11 per cent of turnover around through a bad patch. However, a re-organisation of this group, which publishes mainly reference works, has led to some improvement.

The earnings of VNU have

been particularly good recently, with figures for 1978 showing net profits reaching the targeted 13 per cent of equity. But the performance this year is expected to be less spectacular, and more in line with the company's planned 11 per cent increase in average annual earnings. In the first half of this year earnings were up 11 per cent and turnover 8 per cent.

Another notable company in the Dutch publishing industry is Kluwer, which draws its strength from an even spread of activities across a number of sectors, and enjoys a strong position in the publication of educational, professional and scientific material. About 80 per cent of its activities are in the Netherlands and although it, too, is looking abroad, its options are somewhat limited by its size.

Overall, the Dutch publishing industry is likely to enjoy a period of continued growth, perhaps, unremarkable growth, depending on what success its companies can achieve abroad, and indeed on the support which

it receives from advertisers over the coming year or so.

Although advertising remains buoyant, the prospect of a recession in Europe and the United States is causing nervousness. As always, advertising budgets are likely to be early candidates for cuts if companies in the Netherlands are faced with liquidity problems.

The other problems—common, of course, to all countries—are rising production, paper, transport and labour costs, which have had to be passed on to the consumer, so far without any serious effect on buying patterns.

Should the worst happen, however, the limitations of the Dutch market could turn out to be "advantageous", since most companies rely on a steady and regular readership which can be counted on to remain faithful.

At a time of considerable nervousness about international energy costs and probable recession in the United States, plans for expansion into that market will certainly be looked at with considerable caution.

strong protest from the drivers, including a blockade in 1974, but it is no longer an emotional issue. It did bring, however, a revision of the regulations covering drivers' working hours. New legislation took effect in April, 1978, and was further tightened up in January, 1979. The new ruling lays more emphasis on a driver's total working time, including rest periods, and less on driving time. Drawn up in line with EEC regulations, the Dutch rules lay down a maximum 10 hours' work time a day for an average of five days a week.

While accepting the need for the tachograph and limits on working hours and their benefits as "top management" the NOB wants them to be applied flexibly. Exemptions have already been granted for operators of sand and gravel tipper trucks. The road hauliers have also complained to the transport minister that rigid rules do not take into account the local traffic jams that build up daily on motorways, particularly in the crowded "Randstad", while the centres of towns such as Amsterdam are becoming more and more difficult to reach.

The NOB is clearly dissatisfied, too, with the policing of the new regulations. "There must be guarantees that the new law will be applied strictly," Mr. Vreugdenhil said. "Controls in West-Germany are much more thorough than in Holland. To achieve the law's objective of increasing safety and to prevent unfair competition, it must be sufficiently enforced."

Sharply higher wage costs have been a major reason for the Dutch road haulage industry's loss of competitive edge internationally, in the view of NOB. The introduction of a new wages structure under the previous minister of transport led to a rise in wage costs of 40 to 50 per cent in the space of a few years. This has made the Dutch driver more expensive than his counterpart in Germany, France or the UK and put him even further ahead of Italy, Spain and the Eastern European countries.

The transport minister has rejected a request for concessions in the areas of wage subsidies and taxation, but some export promotion funds are being spent on the haulage industry.

The refusal of some hauliers to conform to nationally negotiated wage agreements has been a source of bitterness in the industry for many years. The NOB reports progress on this front though, while admitting it is difficult to say how many companies still refuse to honour agreements. For the first time last year four firms were threatened with a temporary suspension of their operators' licence if they did not apply the national wage packet.

Despite the Dutch industry's claim that restrictions on permits to make journeys through many neighbouring countries have hindered free competition, the NOB is cautious about sweeping away the red tape which dominates the continental haulage industry.

"We are in favour of liberal transport policies," Mr. Zuur said. "But we must be careful." The NOB is sceptical that sufficiently far-reaching agreements could be made to prevent countries taking restrictive measures, such as Austria's recent decision to tax trucks in transit. While countries like Italy and Hungary retaliated with their own tax measures, Holland refused to act, to the disappointment of the NOB. Plans by both Belgium and Switzerland to tax hauliers from 1980 are also a cause for concern.

Dealings

One area where some progress has been made is dealings with the Soviet Union. While a previous agreement in theory gave the two countries parity in practice Soviet hauliers easily used up their 500 permits while Dutch companies at best managed the odd trip with material for trade fairs. Under a new agreement a twice-weekly scheduled service runs between Vlaarlingen, near Rotterdam, and Moscow, with equal tariffs applying to both countries. The NOB is not fully satisfied with this arrangement, however, and hopes for further concessions from the Soviet Union.

The improvement to ports in the Middle East has taken some of the pressure off road transport to that area and Dutch hauliers are now looking around for new routes. The Trans-Sahara route through Algeria and Niger would open up the industrial areas of Nigeria to Europe, but the Algerian refusal to give transit permits is a major stumbling block.

One Dutch company, Europe Africa Transport, has an agreement with the Algerian State Transport organisation, but in general, Algiers attempts to direct all loads onto the State company.

"I think we could see just as explosive growth in West Africa as we saw in the Middle East," Mr. Zuur said. Much will depend on whether Nigeria and Niger bring pressure on Algeria to open up new routes. In the more distant future, the Dutch are also looking to South America, where international roads are being developed, and even to China.

Pressure on hauliers

ROAD TRANSPORT CHARLES BATCHELOR

DUTCH COMPANIES account for around 35 per cent of the European Community's road transport. Holland's favourable geographical situation—which has contributed to the development of Rotterdam into the largest port in the world—and the good road connections with neighbouring countries, have made road haulage a major industry, directly employing more than 80,000 people.

However, the industry's traditionally strong position in Europe is under increasing pressure. While Dutch hauliers maintain they can still offer a high quality service, they are now not so far ahead of even the EEC European companies as they used to be.

"Countries such as Czechoslovakia now have fleets of Volvos and Mercedes, too," comments Mr. Reelf Zuur, international manager of the Dutch road haulage association, NOB Westtransport. Rising costs, tonnage restrictions and new

legislation have added to the burdens of an industry which is already struggling to counter the effects of a depressed economic situation.

The most recent detailed statistics show 8,132 road haulage companies were operating in January, 1978, or 513 fewer than in 1977. Several hundred more companies closed down in 1978, continuing the trend which has seen the closure within 10 years of a quarter of the more than 12,000 companies in business in the late 1960s. The number of vehicles on the road increased however to 52,500 in 1978 from 51,600 a year before and from 44,100 in 1968.

Most of the closures in 1977 were of firms with up to three trucks although the number among firms with up to 15 vehicles was also remarkably high. Load capacity also fell to 741,000 tonnes from 752,000 a year earlier—reflecting the limits which were placed on tonnage in 1975.

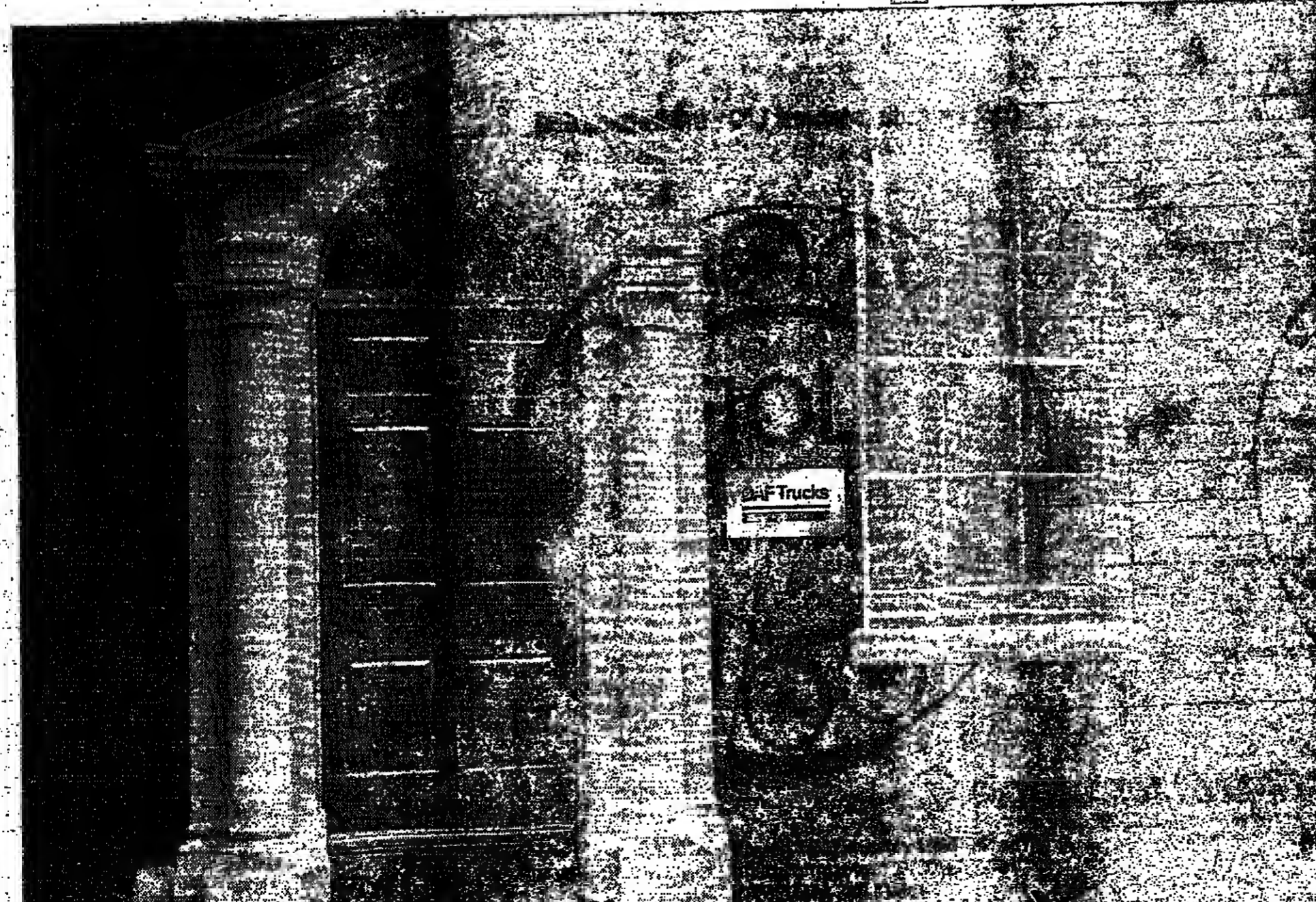
The NOB, the largest of the four employers' organisations, with more than 5,000 members, has been pressing for the system of limits to be revised and the Ministry of Transport is expected to allow greater flexibility later this year. With estimates of the amount of over-capacity varying between

50,000 and 120,000 tonnes, the NOB argues a blanket limit on capacity is not a suitable instrument of control. It takes no account of shortages or over-capacity in various sectors of the market and cannot respond to seasonal factors such as the sugar beet harvest or the last bad winter. The ministry is considering allowing new tonnage when a switch has been made from another form of transport, or from a foreign haulier.

The "tonnage stop" prevents new companies from starting up or established companies from expanding unless they can buy up existing companies or permits. "This has led to a trade in permits and to hauliers paying ridiculous prices to get extra capacity at a time when the weak economy means business is difficult anyway," said Mr. Jaap Vreugdenhil, public relations officer for the NOB.

The tachograph produced

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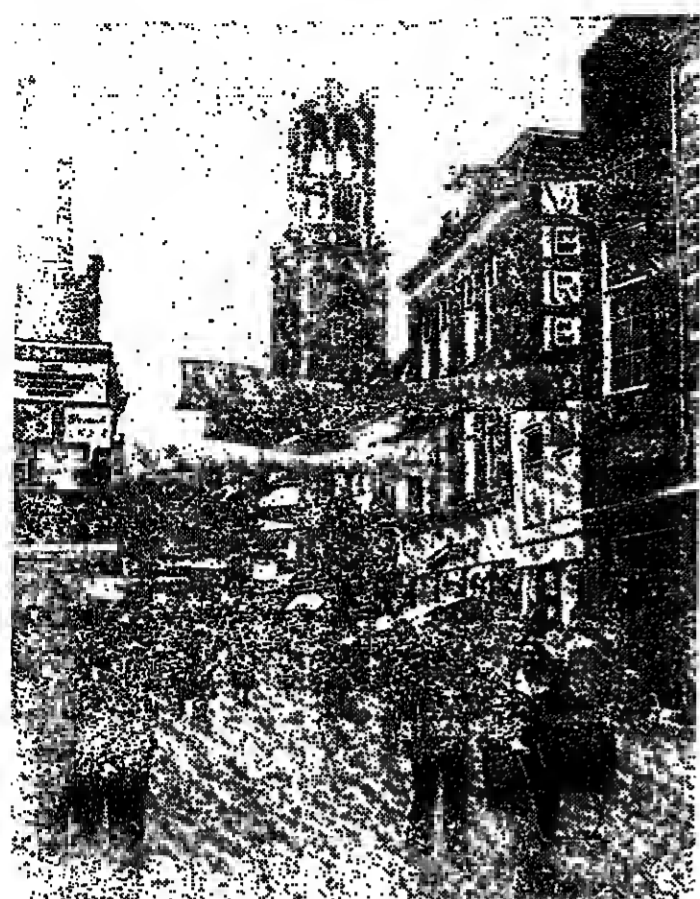
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THE NETHERLANDS XIV

A poor level of demand



With continued pressure on family budgets, the Netherlands is facing a poor level of retail demand. Above: Steenweg shopping precinct, Utrecht

OVERALL RETAIL sales in the Netherlands increased by 3 per cent in the first six months of this year, compared with 6 per cent in the same period last year, providing somewhat depressing operating conditions for the Dutch retail sector.

The prospects for the rest of this year are little better, and this will certainly be reflected in the figures of the major retailing groups, despite some diversification. One group predicts that the increase in sales in the second half may be as low as one per cent in real terms.

It is not therefore surprising that a number of these groups are pressing ahead with plans to invest in new areas such as property, restaurants and recreation projects, and boosting their activities abroad, particularly in markets where there are good prospects for growth.

The poor level of retail demand is attributed largely to harder credit conditions, inflation and the consequent pressure on family budgets. Higher energy costs, increasing rents and other costs are also expected to restrain retail buy-

ing during the latter part of this year.

The only substantial area of growth has been in the mail order sector, where there was a 14 per cent increase in the value of sales during the first six months of this year compared with the first half of 1978. This was attributed partly to the bad weather conditions in the early part of the year, which encouraged people to buy from the comfort of their homes.

Consumer durables, which has been a consistently strong sector for some time, were also hard hit and little recovery is expected in the short term at least.

Ahold, one of the largest companies in the Netherlands after the major multinationals, recently reported a healthy increase in net earnings for 1978, which at Fl 43m (about \$11m) was Fl 12m above the

RETAIL TRADE

LORNE BARLING

previous year's figure. Total sales for last year were Fl 4.8bn compared with Fl 4.1bn in 1977.

However, with around 20 per cent of its sales in the U.S. through its Bi-Lo subsidiary, and a wide range of diversified interests, the company's exposure to the depressed Dutch retail market is somewhat protected.

The company's retail interests outside the Netherlands consist of chain stores in Spain and the U.S. Bi-Lo operates in some of the fastest growing states in the U.S., South and North Carolina and Georgia, where supermarket sales by the company were valued at \$460m last year, despite strong competition. At the time of its last annual report, the company had 103 outlets in the U.S. and this will be expanded by at least 10 during this year.

Like other Dutch retail companies' efforts to break into

southern Mediterranean markets, Ahold's activities in Spain have not been wholly satisfactory and it failed to make a profit there in 1978, although it believes this position can be turned round with persistence.

In the domestic Dutch market last year the group maintained its share of 7 per cent of national spending on food and related products, but its percentage increase in sales was less than in previous years, due partly to a smaller rise in price levels which moderated sales by value.

Overall, national consumer spending increased by about 4 per cent in the Netherlands last year, about the same as in the two previous years. Ahold points out that consumer behaviour patterns cannot always be predicted and it should not be assumed that the trend of 1978 will be continued. "We are expecting only a slight increase in volume in 1979, say 1 to 1.5 per cent, and again with fierce competition," the company reported.

The company's most dynamic division appears to be that dealing with restaurants and recreation, where sales last year increased by nearly 40 per cent on 1977, although profits were less spectacular. The operation is based mainly on roadside restaurants in the Netherlands and Belgium.

Ahold believes that the economic outlook is not conducive to strong growth, however, and sees a period of more modest expansion, largely through making use of existing

resources. It believes it will be difficult this year to maintain the same ratio of earnings to sales.

Bijenkorf (KBB) the department store group, achieved a respectable increase in net earnings last year which at Fl 24.5m was an increase of Fl 4.5m on the previous year, while turnover rose from Fl 2.1bn to Fl 2.24bn in the two years. While the company is also cautious about the retail prospects, it, too, is going ahead with diversification, although it has chosen a somewhat different route from its competitors.

Predicted

KBB has opted to go into the sports equipment business and is acquiring a chain of stores for this purpose, clearly betting on an increase in leisure activities in the Netherlands, as is predicted in most industrial countries. Similarly, it has an interest in developing a holiday centre for water sports on the French Mediterranean coast and a winter sports centre in the Alps.

KBB is the second largest department store group in the Netherlands and with a 2.6 per cent share which is still expanding, it is far from becoming widely diversified. Only 4 per cent of its sales last year came from other activities.

However, its partnership in the leisure centre group, Robert, in which the large building concern Stevin also has an interest, is likely to become more important if the early projects prove to be as successful as they seem.

Vroom and Dressman, a privately-owned but highly successful retail company which has only recently revealed the full extent of its interest, last year notched up gross sales of Fl 4.46bn and after tax profits of Fl 86m, compared with Fl 2 bn and Fl 14m in 1978, giving some idea of the growth it has achieved.

However, the company admits now that the prospects are not good for the rest of the year, despite its wide diversification. It owns a chain of more than 600 shops, which include around 30 department stores and the food and drink shops, and two small banks, a stockbroking company and a mortgage-broking business.

It also has a major stake in the rival KBB group and two other Dutch store groups, V and D has also gone for a range of minority holdings in successful retailing ventures in North America, which range from Mexico to New Hampshire.

The company has been encouraged by the higher margins which can be achieved in the U.S., and derives a major part of its turnover from these activities which have perhaps proved the most successful of any diversification undertaken by Dutch retailers.

While these companies continue to generate enough capital they all seem intent on investing themselves in overseas activities of this kind, reducing the risk of committing themselves to a secure but dull home market. But with world economic conditions now unsettled, it may be a tough battle breaking into new markets.



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Challenge of the multinationals

HOLLAND PRESENTS a useful illustration of the difficulties faced by small, democratic countries which wish to retain a firm foothold in the motor industry in the 1980s at a time when the muscle of the multinationals is really beginning to be felt.

Both of Holland's car and truck businesses, hampered by a relatively small home market—581,000 cars and 46,900 trucks last year—have been seeking ways to spread the cost of expensive new technology without giving up completely their sovereignty to outsiders.

And both businesses, Daf Trucks and Volvo Car, have recently made important decisions about the future.

Division

As it happens, both were originally part of the same organisation, set up by the two Van Doorne brothers. But, in 1972, the car and truck operations were split and Volvo of Sweden took an interest in the

THE MOTOR INDUSTRY KENNETH GREEN

car side. The Swedish group had been looking for ways to extend its car range with a smaller vehicle to complement the big ones it built.

Unfortunately, the first model which appeared from the partnership was a marketing man's nightmare. Called the 343, it combined the Variomatic gearbox which had been used since the first Daf cars were launched in 1950 with heavy-looking Volvo styling.

Europeans generally are not convinced yet of the virtues of automatic gearboxes and it was not until a manual gearbox was introduced last year that the 343 at last began to see reasonable sales levels.

This has been followed by a five-door version, the 345, necessary because there are some European car markets—France and Switzerland among them—where customers expect a vehicle to have four doors however small it might be.

As a result, Volvo Cars' modern factory at Born in the south-eastern province of Limburg expects to produce 90,000 cars this year compared with around 65,000 in 1978. (Not all of them are 343s or 345s because some of the old-style models, named the 66, are still produced.)

Forecast

Volvo Car is forecasting that it will produce 103,000 cars in 1980.

Even so the company is expected to continue to incur losses until 1981 or 1982. Last year Volvo Car estimated losses for the 1978-80 period would be Fl 237m. In 1977 the loss was Fl 125m and the following year Fl 115m.

Volvo of Sweden, with its own problems to sort out, has reduced its shareholding to 55 per cent of Volvo Car with the Dutch Government owning the rest of the equity.

And there have been two financial "packages" in 18 months designed to put Volvo Car back on its way to profits. The latest, announced in July but not due for final ratification until this month (November),

will involve provision of a further Fl 231m, mainly towards the development of a successor vehicle to the 343.

The Dutch Government will provide Fl 155m of the total and Volvo of Sweden the rest.

In response to union concern that Volvo Car might simply become an assembly satellite of the Swedish plant, Volvo, of Sweden said it would spend Fl 35m to expand capacity at Born with an extra press line, taking the annual capacity to 110,000 cars a year.

Policy

And agreement in principle has been reached between the Dutch Government and Volvo of Sweden for a change from the original policy of centralising decision-making in Stockholm. The Dutch management in future should have greater freedom to decide policy for Born.

The Dutch unions and Government are insistent that Volvo Car should not lose its independence or its ability to design and produce a new car model from scratch.

That kind of engineering and design skill also exists within Daf Trucks but many would argue that Daf is too small to be able to cope alone with its major European competitors. When the former Daf business was split up in 1972, the U.S. group International Harvester, which claims to be America's biggest truck maker, took a 33 per cent stake in Daf Trucks as a potential base for expansion into Europe.

The Dutch Government also helped out financially and took a 25 per cent stake. The remainder of the shares stayed with the Van Doorne family trusts.

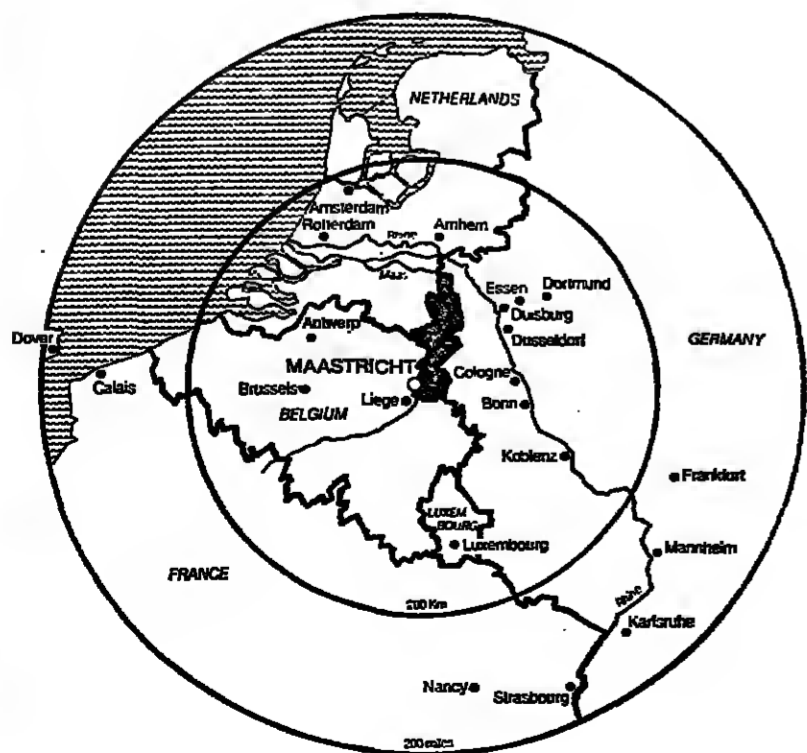
Hardly any of the expected benefits emerged after Daf and IH linked. It soon became clear that European trucks were too expensive to sell profitably in the U.S. and IH and the Dutch concern never could see eye-to-eye over technical matters when they came to discuss new model programmes.

In September this year, however, the scene changed drama-

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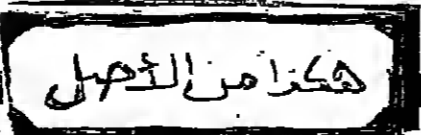
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THE NETHERLANDS XV

Manufacturers widen product range

THE FORTUNES of the Dutch electronics and electrical industry are closely bound to the activities of domestic giant, Philips.

Figures from the Central Bureau of Statistics (CBS) show that the industry, as a whole, employed more than 112,000 people in 1977, with Philips employing over 84,000 in 1978.

Total turnover in 1977 was fl 13,000m, and since 1976 the industry has continued to grow faster than the gross national product.

Philips' deliveries from the Netherlands, according to its annual report amounted to fl 11,952m in 1978, although this figure was affected by the increased export of communication equipment and cables.

The presence of such a large company in a relatively small country tends to blur statistics, since detailed import, production and export figures per activity would be too easily related to Philips' activities.

Import and export figures, equally, contain details of equipment and components from Philips' establishments abroad which may often be re-exported in total systems.

The Dutch Government was one of the last West European Governments to commission a study on the social and employment effects of the microprocessor "revolution."

The report, being done by General Technology Systems of Britain, is due out shortly. The two main points under discussion in the country being "How can we avoid missing the boat?"

"Having caught it, how can we deal with the social consequences?"

However, in general terms, it can be said that despite increased Japanese competition in some areas and a falling off of traditional activities in others, the Dutch electronics and electrical industry is faring quite well.

ELECTRICAL INDUSTRY

WILLIAM THIRD

Apart from the more traditional heavy electrical industries producing electro-motors, generators, transformers, switching and installation material, such as Holec of Utrecht, there has been a growth in newer, electrical and electronic activities, such as instrument-making and the production of medical equipment, including cardiac pacemakers.

A number of foreign companies, such as Texas Instruments, Tektronix and John Fluke, have international production and marketing centres in the Netherlands, attracted by the strategic position and the favourable business and employment climate.

In addition, such domestic companies as Oec van der Grinten, producers of electrochemical and electrostatic photocopying equipment have shown strong growth.

Inevitably, however, the activities of Philips will continue to be of the greatest significance.

The fortunes of Philips have traditionally been bound to the company's original products such as lamps, valves, radios and later, the Philips shaver and TV sets.

And while it is still true that colour TV sales are critical to the results of the group as a whole, there is an increasing emphasis within the company for products and systems for professional applications.

These accounted for over 24 per cent of the group's deliveries in 1978, worth fl 8,407m.

They covered such fields as telecommunications equipment, and in this respect the Saudi Arabian telephone network was of particular importance, as

systems, analytical and process control systems for science and industry and computer systems.

The production of integrated circuits, plus computer systems, and peripherals round the domestic TV set are seen by analysts as some of the most important areas in the future of electronics and, in this respect, the company is well-placed.

Profits

The structure and wealth of the company means that it can use large profits made in the consumer fields to subsidise initially less-profitable professional activities until these either become profitable or are abandoned.

The production of integrated circuits and other electronic components are obviously of great importance. And in this context the latest "huzz" words are vertical integration and industrial synergy.

Philips have production centres in Nijmegen and Eindhoven as well as in the UK, France and the U.S. The company is strong in the production of analogue circuits, and its purchase of Signetics in the U.S. can be seen as an attempt to catch up on digital technology.

The analogue circuits it makes are designed for application in consumer products, particularly in the video and audio fields, and this is where it achieves industrial synergy, since the complete process of research, production and appli-

cation exist within the same company.

One part of Philips which can benefit enormously from this synergy: from the research and development facilities, the general financial benefits adumbrated above, plus the application of its products in professional systems by other divisions, is Philips Data Systems.

After the painful collapse of Unidata, the Euro attempt to make large computers, Data Systems is making good progress with its sales of small business computers such as the P430, the P500 and the P7000 multi-system stations, scoring particular success in the banking and financial world in Western Europe.

The proposed acquisition by Philips of the U.S. Perdec Computer Corporation would have provided a renewed push of their activities in North America.

However, the West German company, Triumph-Adler has since made an agreed bid for Perdec.

The recent acquisition of the Canadian firm, Microm, in 1978, has boosted Data System's presence in the word processing market.

Philips have high expectations for Data System's future growth, particularly once systems such as electronic mail become a reality, and "the office of the future" is more than a gleam in the eyes of consultants. Data Systems had worldwide sales of fl 11m last year.

Another of the company's strengths are research facilities, not only in Eindhoven, but also in the UK, France, and now, the U.S.

An outstanding example of innovation from this quarter is the development of the video long-play disc, the VLP. Now being test-marketed in certain cities in the U.S., it is scheduled to be launched in the UK next year. Originally seen as a consumer item, the VLP technology is also being applied as a pure data storage medium for Data System's products, and as a

pure audio disc.

It is one thing to innovate and quite another to persuade the market to accept the innovation. Until there is a degree of standardisation, the market will not grow to its full potential. Philips' recent signing of a cross-patents deal with Sony on a range of items, including VLP and the audio disc, will probably help in this respect.

The VLP brings us to another market area which Philips like to call "home electronics for sound and vision." The market

for colour TVs is rapidly reaching saturation point, and the company sees the VLP, the video cassette recorder, and Business Viewdata as welcome alternative areas of growth.

It is in just this area, which also encompasses audio equipment that Japanese competition has been at its hottest. Philips were first on the market with their VCR video recorder, but Sony with their Betamax system, and JVC with their VHS system, have displayed typical Japanese ingenuity and aggression and now

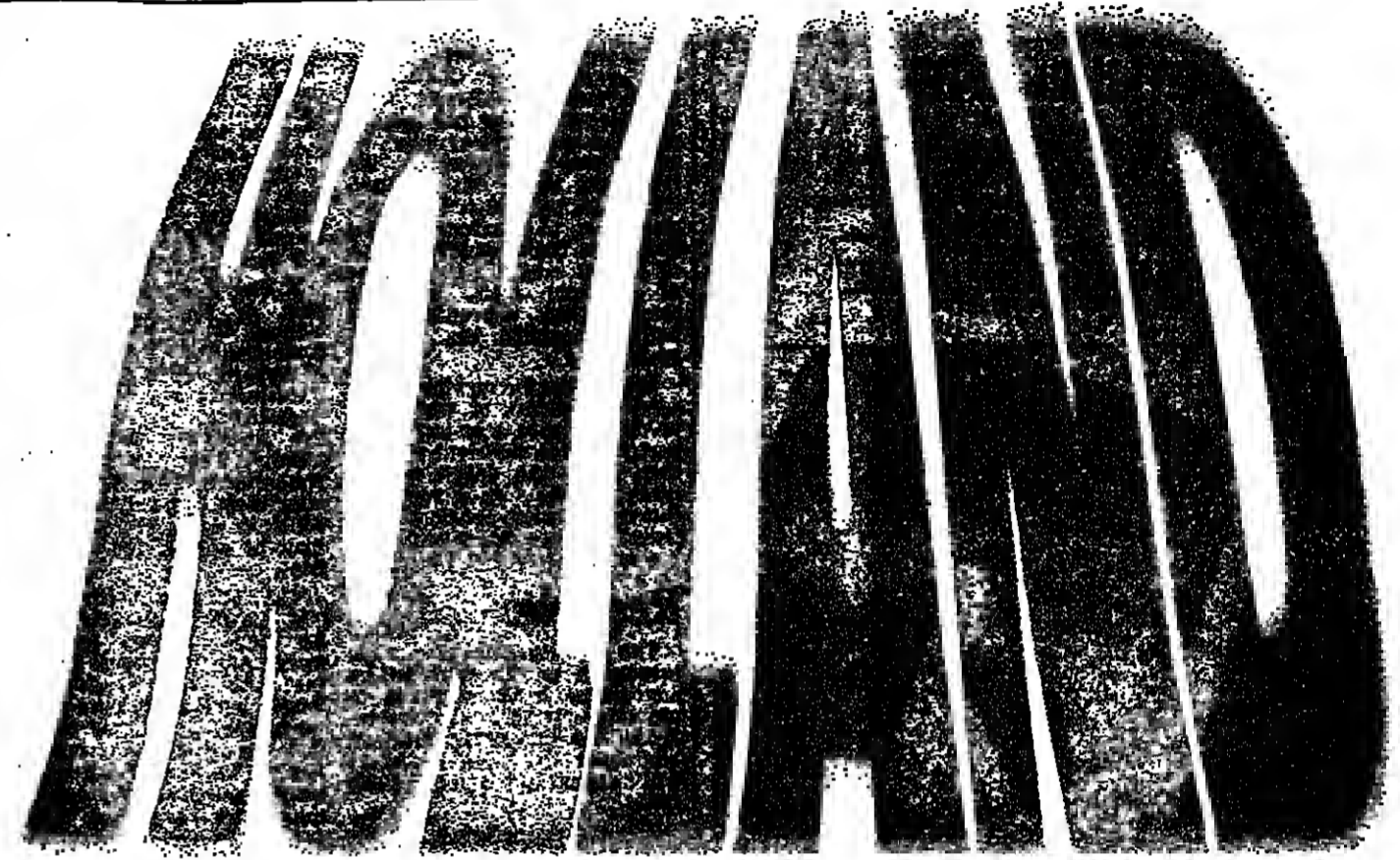
claim a bigger market share. This is probably just such a market which would probably have grown more if there had been more standardisation and consumer confidence, something which can hardly have been nurtured by Philips new V 2000 video cassette system since it is incompatible with their earlier VCRs.

However, the new system has a long playing time of two times four hours, and should help reverse this trend.

Despite the firm guilder over

the past few years, exports have continued to grow, and a 4 per cent growth is forecast for this year, for the industry as a whole, by the CBS. The number of employees continues to fall, from 13,400 to 12,800 in 1977 for instance.

It remains to be seen whether new activities will grow fast enough to make up for the jobs lost in the older, declining part of the industry. And whether microelectronics will provide new jobs as well as taking them away.



A freight line to Holland Harwich-Hook of Holland is the direct route into Northern Europe.

Daily scheduled sailings offer a choice of two 6 1/2 hour day-time crossings and two 8 hour night-time crossings. Ideal when planning your schedules in line with the statutory EEC rest period regulations.

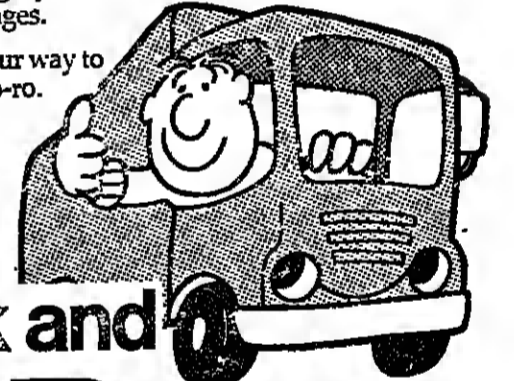
On board your drivers can wine and dine, shower and sleep, and completely relax.

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You and your truck and Sealink Ro-ro It's a direct way to get away

A list of Philips' contributions to international telecommunications over the past four decades would fill many pages, but it is more useful to consider the present rather than the past. A small selection of projects currently being executed around the world provides an indication of Philips' scope and ability in telecommunications:

Transmission

Among the many PCM and FDM transmission systems currently being installed is the new 1400 km Saudi Arabian backbone cable route, the world's longest 60MHz coaxial system and the first to carry telephone and colour television channels simultaneously.

Data Communications

In seven locations ranging from Asuncion to Nairobi, Philips is installing computerized message and data switching centres for the vital Aeronautical Fixed Telecommunications Network.

Philips Telecommunications, P.O. Box 32, 1200 JD Hilversum, the Netherlands.

Public Telephony

Philips is right on schedule in the massive Saudi Arabian telephone expansion programme, one of the world's largest and most technologically advanced telecommunications projects.

Traffic Control

The world's largest computerized traffic control system, automatically supervising over 1000 intersections, is being installed in Mexico City by Philips Telecommunications.

Highlight on Philips Telecommunications



Philips Telecommunications



PHILIPS

UK COMPANY NEWS

Companies and Markets

Fairey suitors pushing for quick decision

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

COMPANIES INTERESTED in buying the State-owned Fairey group are pushing pressure on the Department of Industry to persuade the National Enterprise Board to sell it off quickly. So far, neither the NEB nor Fairey have shown any signs that they want a quick sale.

Senior management at Fairey is anxiously striving to see that the group, if it is to be sold off, goes to a company which will buy the whole group and has every intention of keeping the undertaking intact. The chairman of Fairey, Mr. Angus Murray, who was appointed by the NEB when Fairey was taken into its portfolio nearly two years ago, has always maintained that he would prefer the group to have a public flotation. Ideally, this would not have occurred for another five or six years when Fairey had had a chance to establish a good profit record.

But the Government's requirement that the NEB raise £100m from the sale of assets by next spring means that the sale is likely to come in the next few months. However, Sir Leslie Murphy, chairman of NEB, has said he will adhere to the NEB's current statutory rule until it is changed by the enactment of the new industry Bill. In this rule, the NEB is only able to sell off companies if it is in the commercial interests of the companies concerned.

The Fairey situation is therefore presenting a problem for the Department of Industry. If Sir Leslie decides that Fairey should not be sold off just yet, the Department cannot ignore the fact that selling it to a private bidder would almost certainly raise more money than public flotation. In fact, the current level of the Stock market, and particularly of the engineering sector, means that

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are shown in final and the sub-divisions shown below are based mainly on last year's timetable.

Table with columns: TODAY, FUTURE DATES, and company names like Associated British Foods, Chesterfield Properties, etc.

engineering, patrol hoists, hydraulics and filtration equipment. As well as Trafalgar, other companies now interested are thought to include Vickers, Dowty and at least two from overseas.

Alternatives to Fairey being sold unwillingly are being discussed at the moment. They include that of selecting a buyer which would give strict guarantees that management would not be changed and there would be no break-up of the companies in the group; another possibility requiring further investigation is that Fairey could be sold now for a particular price reflecting the current value of the group, which could be topped up at a later stage depending on Fairey's performance.

FT Share Service

The following securities have been added to the Share Information Service appearing in the Financial Times: Arcata Corporation (Section: Overseas—New York); Haoma Gold Mines (Mines—Australia); North West Mining (Mines—Australia); OCEM (Overseas—Amsterdam); Quest Automaton (Electricals).



Mr. Garry Weston, chairman of Associated British Foods, who is due today to report the group's half yearly results.

Procor UK advances at midway

SALES AND rental income of Procor UK, a subsidiary of Trans Union Corporation of the U.S., expanded from £2.23m to £5.01m, and taxable profits rose to £408,000 for the first half of 1979, compared with £110,000. Income and profit included £1.44m (£1.2m) and £307,000 (£210,000) respectively from Rochester Instruments Systems, which was received from the parent company on January 1, 1979.

New brokers for House of Fraser

HOUSE OF FRASER, the department store group in which Laorin holds 30 per cent, has changed its brokers. Mr. G. Willoughby, one of the directors, confirmed that the company had moved its brokerage from Greaveson Grant to Cazeneuve and Carr Selwyn. The notion for the change and for joint brokers came from the House of Fraser directors on the Board, he said, and not from the Laorin representatives, although the latter recommended Carr Selwyn, which is also broker to Lorient.

EAGLE STAR BID FOR SUNLEY

Eagle Star Holdings made its agreed offer for Bernard Sunley Investment Trust late on Friday.

New travel insurance cuts child premiums by 50%

A 50 PER CENT reduction in premium rates for children under 16 is one of the new features in the latest version of Travel Insurance, the travel insurance policy issued by J. Perry and Co. (Holiday Insurances). This reduction applies for cover in all areas, provided the child is travelling with an adult insured on the same certificate.

FINANCE FOR INDUSTRY TERM DEPOSITS

Table showing interest rates for deposits of 3-10 years, ranging from 12% to 13%.

Bridgewater Inv. deficit rises—rights issue plan

A RIGHTS issue to raise £0.4m is being proposed by Bridgewater Investment Trust, a subsidiary of Sageat SA, a Swiss financial holding group.

Bridgewater's share quote has been suspended since July 27 following the announcement of the acquisition of two television rental companies, Ascot TV Rentals and Concorde TV Rentals, for £35,000 cash.

The rights issue will be on the basis of two-for-three and will be underwritten, a spokesman said. The proceeds will be used to continue the company's expansion programme, he added. Further details will be announced on November 12.

The company also announces an increased pre-tax loss of £103,073 for the year ended September 30, 1979, against a deficit of £9,488. Gross income increased from £42,038 to £167,046. For the second half the loss was £14,763 and gross income £298,768.

It has appointed as sole underwriting agent the Fremont Underwriting Management Company of Lime Street, E.C.3. Mr. Geoffrey Wrightman is underwriter for the agency.

Parker Knoll looks for more

Parker Knoll, the furniture manufacturer, is looking for a profits improvement. Mr. M. H. T. Jourdan, chairman, told the annual meeting that he expected the first half surplus to exceed substantially last year's record of £2.53m.

He added that profit in all divisions was well ahead of last year's. Production of the furniture side continued at a high level, but if this was to continue the order intake would have to improve.

Orders received in the textile division and Raymakers were higher than the previous year's, said Mr. Jourdan.

NET taxed revenue of Scottish United Investors rose from £1.33m to £1.65m in the nine months to September 30, 1979. Net asset value per 25p share, including investment currency premium, advanced from 78.2p to 85p.

The company has already paid a net interim dividend of 0.7p. Last year's total net revenue was £1.75m and the dividend was an adjusted 1.5p.

Gross revenue for the nine months was £3.78m (£3.29m).

SKANDIA UK

Skandia UK Insurance Company, a wholly-owned subsidiary of the Skandia Group of Stockholm, has increased its capital to £2m by the creation of 1m ordinary shares of £1 each, subscribed in cash by the parent company.

In addition there is also a share premium reserve of £125,000.

Schroder Life premium growth

SUBSTANTIAL GROWTH in regular premium life business in the year to October 31, 1979, is reported by the Schroder Life Group, the wholly owned subsidiary of Schroders, the merchant banking and investment group.

New annual premium at £3.5m were 75 per cent higher than the previous year's sales of £2m.

Pensions business proved extremely buoyant over the period accounting for more than one-third of the annual premium business. Mr. Robert Taylor, managing director of Schroder Life, says the Executive Pensions Plan continued to prove exceedingly popular. In the individual life sector, maximum investment plans and other savings schemes showed steady growth.

However, single premium business over the period fell substantially from £14.27m to £11.75m, reflecting a fall in guaranteed income bond sales. The company, which is a member of the Life Offices Association, took the decision not to compete in this market where high yields offered by other life companies income bonds relies very heavily on tax relief. There is at present considerable controversy over the design of such plans.

Linked bond business remained buoyant, with sales of around

£4.5m. The property fund proved most popular with investors as a savings medium, and there was also steady investment in the managed fund.

Notice of Redemption of BAKER INTERNATIONAL FINANCE N.V.

5 1/2% Convertible Subordinated Debentures Due 1993. Redemption Date: December 19, 1979. Conversion Right Expires: December 14, 1979.

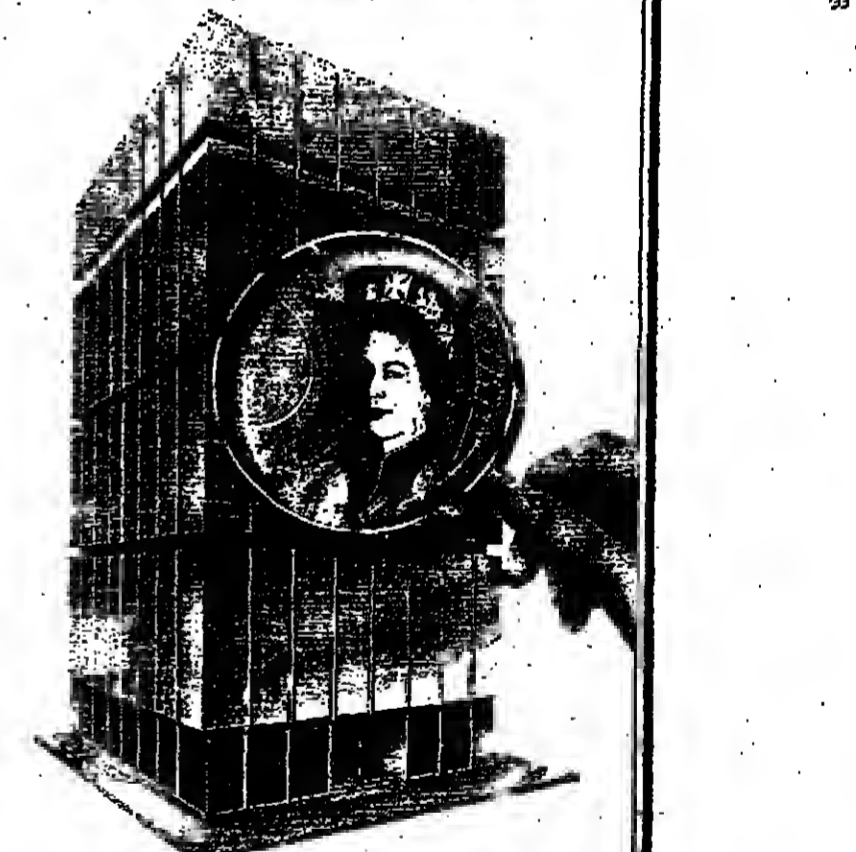
NOTICE IS HEREBY GIVEN to the holders of the 5 1/2% Convertible Subordinated Debentures (the "Debentures") of Baker International Finance N.V. ("Baker") that in accordance with the terms of the Indenture dated as of June 14, 1973 among Finance, Baker International Corporation ("Baker") and Citibank, N.A., as Trustee, Finance has elected to redeem all of the outstanding Debentures on December 19, 1979 at a redemption price of 104.5% of the principal amount of the Debentures, plus accrued interest, which will aggregate \$1,073.11 for each \$1,000 principal amount of Debentures, all to be made upon presentation and surrender of the Debentures, together with all attached unamortized interest coupons, at the offices of the Paying and Conversion Agents.

The Debentures will no longer be outstanding after the date fixed for redemption and all rights with respect thereto, including payment of interest, will cease on that date, except only the right of the holders thereof to receive the redemption price and interest accrued to such date.

IMPORTANT FACTS ABOUT REDEMPTION. As described above, based upon current market prices, the market value of Baker Common Stock into which the Debentures are convertible is significantly greater than the amount of cash which would be received upon surrendering the Debentures for redemption.

Table listing Paying and Conversion Agents: Citibank N.A., Zurich, Luxembourg, etc.

Property investment...£££? St Quintin will take a closer look



St Quintin CHARTERED SURVEYORS. Vintory House, Queen Street Place, London EC4R 1ES. Also Leeds and Brussels. Telephone 01-236 4040.

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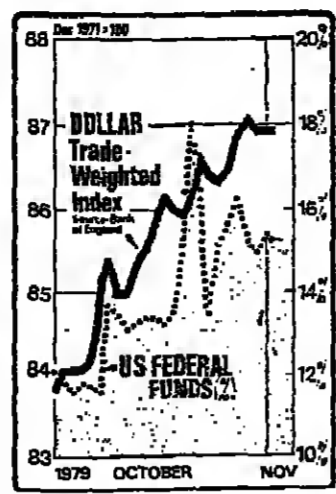
BY NICHOLAS COLCHESTER AND FRANCIS GHILES

A D-Mark toe in British waters

The planned placing on the London market of DM 100m of bonds for the European Investment Bank is not a financing operation of great magnitude...

The issue is a small test of the British investing institutions' appetite for foreign currency investment which may have been unleashed by the ending of British exchange controls...

The placing is being lead-managed by the BEF Bank of Germany and co-managed by Morgan Grenfell at the London end...



Last week and prices reacted neither to the rises in the German discount and Lombard rates nor to the news that the first tranche of the new issue of Carter Bonds, amounting to DM 2bn, would be offered today...

But the Dutch guilders sector weakened fractionally last week in the wake of the rise of the Dutch discount rate and the £150m issue for Centrale Rabobank had to be halved in size because of the lack of investor demand.

The greater stability of U.S. interest rates and the dollar last week helped to attract borrowers back into the new issue market for dollar bonds...

According to Orion Bank's calculations, redemptions of principal and interest on outstanding dollar bond issues to the year end amount to nearly \$2.5bn...

cases, prices of recently issued FRNs have not risen strongly but dealers now say that the paper is moving off manager's books into investors' portfolios.

In the Yankee bond market, the proposed \$200m issue for the EEC was cut by the lead manager, Morgan Stanley, to \$80m and the pricing was put off until this week.

With interest rates rising in West Germany and Holland, the low yields available to investors on Swiss Franc foreign bonds are looking increasingly unattractive.

Trading activity was at a low ebb throughout last week with prices remaining firm. The only objects of investor demand are floating rate notes, in particular those issues which have just had, or are about to have, their coupons readjusted.

CURRENT INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount m., Maturity, Av. life years, Coupon %, Price, Lead Manager, Offer yield %.

U.S. BONDS BY DAVID LASCELLES

Untrusted signposts

per cent denominated in Deutsche Marks against 5.14 per cent denominated in Swiss Francs.

IT IS NOW exactly a month since the Federal Reserve produced its credit package, but the U.S. capital markets have still not recovered their composure.

In fact, there were already signs last week of Washington's concern about the possible effect of high interest rates, when Mr. Reuss, the chairman of the House Banking Committee, took the highly unusual step of asking Citibank not to increase its prime rate last Friday.

The markets do, however, have a tricky task. Usual signposts like the Fed funds rate and the money supply have become either meaningless or discredited.

Last week, for instance, brought a rise in the unemployment rate, but also a surge in new factory orders. Sales of cars and consumer goods weakened, but the leading economic indicators continued to rise.

A better picture of the economy would give the market an idea of the likely strength of loan demand in the coming months. But it would also

BY JOHN EVANS

Borrowers market lives a little longer

Those Euro-bankers who have been wary of last month's Volcker monetary package creating the basis for tighter international credit conditions in the Euromarkets, killing off the "horror market," find a challenging reading in two current reports.

Both analyses, from the Organisation for Economic Co-operation and Development (OECD) and Chase Manhattan Bank respectively, foresee a broad continuation of existing trends in the Euromarkets.

The OECD believes that as higher prices create larger OPEC payments surpluses, the

supply of funds to the international financial markets should be more than sufficient to cover the needs for external financing without a general tightening of terms (on syndicated loans) taking place.

It forecasts that total borrowing in the international capital markets this year—both bonds and credits—should reach \$110bn compared with the 1978 total of just over \$10bn.

While 1980 is likely to see a larger balance of payments deficits around the world, total new borrowing should not expand much as increased recourse will probably be made to

the running down of ample foreign exchange reserves, the OECD says. Increased lending by the IMF is also possible next year.

Additionally, the OECD does not see any noticeable lessening of competition between banks, as the international activities of foreign branches of U.S. banks remain largely untouched by the Volcker measures.

Chase Manhattan, in a survey of Euro-market growth, indicates its belief that the share of Euro-currency lending captured by U.S. banks may rise in 1980 for several reasons.

Certain competitors, particu-

larly the Japanese banks, may be less active and the impact of the new U.S. margin reserve requirements will provide profit incentives for U.S. banks to turn to the international markets.

Chase predicts that the size of the gross Eurocurrency market will pick up during the second half of this year, reaching \$1,075bn by the year-end compared with \$892bn at end-1978. It should then expand a further 20 per cent to \$1,300bn in 1980.

The net size of the market, ignoring the double-counting of bank positions, should rise to \$850m this year and \$790m next

year—compared with \$535m in 1978.

What Chase believes to be an even more significant indicator—lending to private non-banks—will grow, it is thought, comparatively slowly, by around 10 per cent in 1980 to \$360m, compared with \$320m this year.

Underlying this overall Euro-market growth slower than the 30 per cent spurt recorded in 1978 is the fact that the higher short-term interest rate policies

now being pursued in the U.S., Germany and elsewhere will tend to depress Euro-market expansion.

The U.S. determination to defend the dollar makes unlikely the rapid growth of Euro-markets that another dollar depreciation would introduce.

Chase agrees with the OECD that surpluses from the oil-exporting countries will have a major impact on the growth of the Euromarkets, which will capture a large share of OPEC short-term funds.

FT INTERNATIONAL BOND SERVICE

Table of U.S. Dollar Straights with columns: Issued, Bid, Offer, day, week, Yield.

Table of Yen Straights with columns: Issued, Bid, Offer, day, week, Yield.

Table of Eurobond Turnover with columns: U.S. \$ bonds, Cede, Euroclear.

Table of Deutsche Mark Straights with columns: Issued, Bid, Offer, day, week, Yield.

Table of Convertible Bonds with columns: Issued, Bid, Offer, day, week, Yield.

Table of Other Straights with columns: Issued, Bid, Offer, day, week, Yield.

Advertisement for Societe Nationale de Siderurgie, featuring a logo and text in Arabic and French: 'الشركة الوطنية للحديد والصلب', 'SOCIETE NATIONALE DE SIDERURGIE', 'DM 80,000,000 MEDIUM TERM LOAN'.

Vertical text on the left margin: deficit plan, cottish nited rogress, growth, ANDIA UK, £?

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FINANCIAL TIMES REPORT

Monday November 5 1979

The North East

Change is coming to the North East but not fast enough. Companies have been attracted to the region and new jobs created. But despite the efforts being made to speed this process the underlying need is to adapt from a reliance on basic heavy industries such as coal, steel and shipbuilding to the diversified needs of the modern economy.

Order books are short

By Anthony Moreton

Regional Affairs Editor

WITH THE sleek high-speed Inter-City 125 trains on the line it is now possible to cover the 286 miles between London and Newcastle non-stop in just under three hours. The journey is as good as any in Britain and there are few others in the world to beat it. This new service is just one example of how the latest technology is bringing the North East closer to the centres of decision-making.

A modern airport just outside the city links Newcastle not only with the rest of Britain but also with several European centres. And a motorway spine bisects the region on its way north towards the Scottish border.

Yet such evidence of modernity, and others in the steel

industry at Redcar and the great chemical works on Teesside, are surface dressing; regrettably, there is too little depth of new industry. The economic soil remains what it has been for more than a generation: a land of industries overtaken by events and on which too little has been spent.

The four counties which make up the North East—Northumberland, Tyne and Wear, Durham, Cleveland—are still the home of shipbuilding, heavy engineering, coal and steel, industries which forged Britain's 19th-century greatness but which have been overtaken by progress in countries such as Japan and Korea, not to mention West Germany in the second half of the 20th century.

This shift is also to be seen in the area's social life as in its industry. Newcastle is a clean, attractive, well-designed city and its people are both smart and affluent looking. The Eldon Square shopping centre puts most of Britain's other cities to shame. But once you leave central Newcastle, with its university precinct, Durham, with its great cathedral and university, and some of the other main towns this is Andy Capp country with its flat caps and racing pigeons, workingmen's clubs and football fervour that equals anything outside Glasgow.

Roker Park in Sunderland, Ayresome Park in Middlesbrough and St James's Park in Newcastle are the apotheosis of that other north. Here the men gather as though there were no other game, as though the hunt-

ing pinks of show jumping and black bow ties of snooker had never been discovered by television.

What they largely gather to support each winter Saturday afternoon now is second division stuff. Newcastle and Sunderland have known better times: they have been among the princes of the game. But no longer. The glory, glory days have gone.

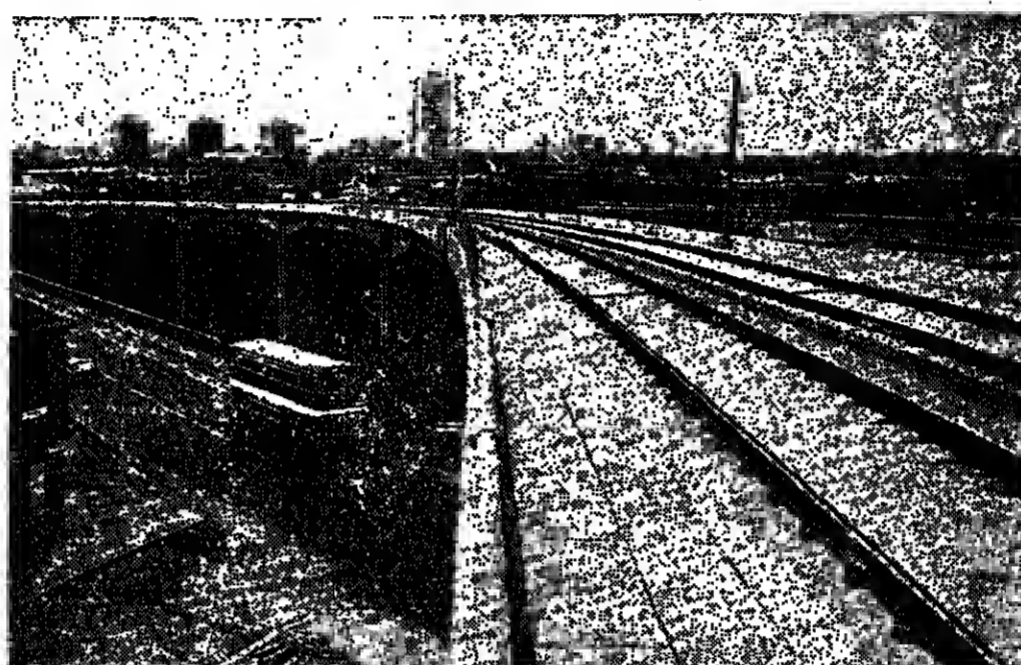
As in sport, so in life. Among the yards on the Tyne and the Wear the glory, glory days have also gone. The yards live from hand to mouth, waiting for each new order to keep going. There is little assurance. The order books are short.

This means that the associated engineering works, built to supply the adjacent yards with massive boilers and every other item that goes into a ship, are going to have an equally difficult future.

Opportunity

Partly, that is their own fault; but only partly. The engineering side of the North East missed a marvellous opportunity to win a good share of the North Sea oil-related business that was then going. Had there been sufficient foresight to get into that trade, then the North East might not have been in quite such difficult straits as it is today. To be fair, this was not a peculiarly North Eastern problem; it was one shared by a lot of British industry.

Shipbuilding nowadays, after all, is little more than engineer-



The Tyneside Metro rapid-transport rail system is due to open next year—one of the signs of progress in the region

ing by the riverside. The old procedures of building ships from the keel up have been replaced by assembling units and then floating them off. Some works, such as Austin and Pickersill, have been highly successful in doing this; others have been less so and have been overtaken by foreign competitors.

It is possible, for instance, to translate the techniques of shipbuilding into making modules

for the oil rigs and platforms. An assembled unit that goes into a ship can easily go into something else. But the North East has lost out on this form of diversification. Management has let an opportunity slip.

Some of the difficulties have arisen because of a shortage of skilled craftsmen, a deficiency which most of the country is experiencing. The shortage has occurred despite a good record by many employers towards

apprentice training. British Shipbuilders, for one, takes a good complement of boys each year and other companies are equally progressive. But the lack of skilled men, combined with the general uncertainty which hangs over so much of the area's basic industry, has led to the creation of a substantial black economy.

This perhaps explains how so much of the North East enjoys a high standard of

living at a time of emerging depression. Unemployment levels in the North East are generally higher than elsewhere but the visible sights in Newcastle, Durham, Washington are far removed from images of depression. It is in the older pit villages and some of the small towns where it is clear that little has been done to bring them up to date.

Partly this seeming contradiction may be due also to the fact that the area has been able to gain a fair share of new service industries. Newcastle is a regional capital and houses many government offices.

The new towns of Washington, Peterlee and Aycliffe have contributed as well. They have managed to attract considerable new industry and provide housing of a type not easily obtainable either in the cities, with their close-packed streets of Victorian, and later, buildings. Life in the new towns is considerably prized, not only because of their amenities but also for the opportunities they give for a different life, one associated much more closely with the countryside.

Much of the area will continue to receive the highest levels of government grant even after the full re-drawing of the assisted-area map after 1982. Government aid has not been unsuccessful in the North East; new companies have been attracted and jobs have been created, especially in the new towns.

Indeed, by giving the special development areas an extra financial edge over the down-

graded development areas, and considerable parts of the region fall into the former category—the region may even be given an extra competitive edge.

But it is arguable that the best thing government could have done for the area was to have launched a massive re-training programme. Working in the area simply are not mobile. One in every five employees in Sunderland—population well over 200,000—goes home for a midday meal. Many in Newcastle travel no more than half a mile to work.

Benefit

To go from Wallsend to Washington, about nine miles, would not be undertaken on any scale even if there were adequate public transport. It is 35 minutes on the motorway between Darlington and Newcastle, but the only people who do the journey are the white-collar workers.

If past governments had pumped in large sums by way of re-training—and if this one would consider it—the result might have been of more economic benefit than the present policy of seeking to attract footloose industry. The day has gone when the world wants shipyard welders and caulkers but, as has been proved in other parts of Britain, it is possible to re-train former miners to be assemblers in Japanese-owned factories. Such a policy might have given more economic life to Tyneside and Wearside. It is still not too late to work along these lines.



WHERE NEXT?

It's time to escape from the congested South East. It's time to grow... New Service Sector concessions guaranteed by the Government give you added incentive to up-sticks and away to the North of England if your business is office work, research and development, transport and communications, distributive trade,

insurance, banking — or other professional or scientific services. Why put up with labour shortage, fast staff turnover, difficult and expensive transport — and office accommodation costs that would make anybody's hair curl? Head North where there's time — and space — to grow.

Please tell me of the advantages for Service Sector business in the North of England.

Name

Position in Company

Name of Company

Address

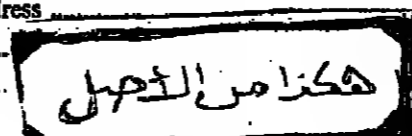
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Post to:
John L. Hobbs, Director,
North of England Development Council,
Dept. FT, Bank House, Carlisle Square,
Newcastle upon Tyne NE1 6XE.
Tel: (0632) 610026 Telex: 537212



North of England Development Council

Inc
CENTRAL
The North East is
a major centre
of production
and suggests that
the area for at least a
decade has been a
major industrial
region in Britain.
The North East
has a large coal
field, BP Chemicals
at Hull, the
chemicals at Seal Sands
and Chemicals at
Clydebank, Fisons at
Luton and Haas at
Luton and Lax
Sunderland.
The area has many
chemical companies
concentrated in the
region. For chemi-
cal companies one of
the major sectors of
activity and are likely
to be a major source
of U.S. imports and
the material of
the region. Total
sales rose 10 per
cent which meant
a 15 per cent increase
for 86
COMME
VAN MILDERT
A recently completed
very large and
to be
LINDFIELD HOUSE
The new office
space 100,000 sq
and second
ANTHONY RO
The new office
space 100,000 sq
and second
NEWCASTLE UN
The new office
space 100,000 sq
and second
SUNDERLAND
The new office
space 100,000 sq
and second
Storey
& Park

THE NORTH EAST III

Foreign groups invest

JOLLY atmosphere of... Aladdin finds the North East an ideal location... Mr. Sanders' enthusiasm for the North East comes as no

surprise to Mr. Malcolm Campbell... Typical... A recent survey by the NEDC found 129 factories owned by

The battle to maintain jobs

THE BUSTLING, prosperous atmosphere of Newcastle-upon-Tyne city centre does much to disguise the fact that it is the capital of a region which has the highest unemployment rate in Britain.

viewed by trade unionists in the North East with particular alarm. The service sector—public services—has been the region's only real employment growth area in recent times.

Loss

Mr. K. Robinson, assistant regional organiser of the National Union of Public Employees, said that in the current financial year Newcastle city council estimated that it would save £200,000 by not filling vacancies.

At one stage disagreement between busmen and railwaymen threatened the whole project but it is hoped their differences have now been resolved.

In recent weeks, the fortunes of one of the region's most traditional backbone industries—shipbuilding—have risen slightly following a depressing order period both locally and throughout British Shipbuilders.

A £22m order for one of two new 109,000-tonne oil tankers for BP was won for the Swan Hunter yard at Hebburn, on the Tyne, last month. In the same week, Sunderland Shipbuilders on Wearside gained orders for two 68,500 tonne bulk carriers for Buries Marks and a 31,000-tonne bulk carrier for Hong Kong.

Local authorities in development areas, says Mr. Gardner, have had to live with cuts before under both Conservative and Labour governments. "But this is the first time we have been able to see an eventual end to the cuts, and the first time all the factors have combined to inhibit us from redressing locally what government is doing nationally."

Alan Pike

Britain's big name in housing



And getting bigger every year!

From its original base in the North East of England, the Leech group has extended its housebuilding activities through a chain of subsidiary companies in Scotland, the Midlands, the North West, Wales, Lincolnshire and Yorkshire. Contrary to national trends, the demand for Leech Homes means the company is building more properties every year and is confident that this pattern will continue.

Jobs in multinational subsidiaries have been, if anything, more secure, perhaps because the multinationals' more dynamic character enables them to adapt more easily.

Roger James

Metro system takes shape

BY THE MIDDLE of next year, barring unforeseen circumstances, Tyneside will join Merseyside and Glasgow on the select list of British centres outside London which can boast a metro rapid-transit rail system.

According to Mr. David Howard, Engineering Director (Metro) of the Tyne and Wear Passenger Transport Executive, the new system is specifically designed to counter these problems. "Public transport in the area has been mainly directed towards the centre but with the Metro people will now be able to move easily across the central area."

Local politicians also see a spin-off in terms of industrial and commercial development. "New developments are already being sited close to the stations on the system," Mr. Michael Campbell, leader of Tyne and Wear County Council, points out.

The timetable for completing the line to South Shields has also recently had to be put back two years because British Rail has been unable to persuade its trade unions to sanction the use of contract labour.

The system will cross the Tyne on a new bridge and serve six underground stations—five in Newcastle and one in Gateshead—on the four-mile long tunnelled sections. There will be seven Metro-bus interchanges where passengers from other parts of the area can join the system. Another reconstructed station at Heworth which will serve as the principal interchange with the British Rail network is due to open today.

The frequency of the services—every three minutes in the central area—and the planned integration of the system with the bus services will make it possible to eliminate some cross-bridge bus routes, and this in itself is expected to improve the circulation of other traffic.

The Metro, originally costing at £66m in 1972, was nearly stopped in the last round of public expenditure cuts required by the International Monetary Fund in 1978 and was subject to a nine month re-appraisal by the then Transport Minister and the imposition of a new expenditure ceiling.

While schemes of this sort might help, however, the success or otherwise of the system will depend ultimately on the number of fare-paying passengers it can attract. The PTE's estimate is that new traffic initially will be about 3 per cent to 5 per cent of the total, increasing as other sections are brought into commission by 1983.

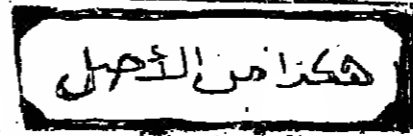
Rhys David

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Contact: W. S. Holley, General Manager, Washington Development Corporation, Usworth Hall, Stephenson, District 12, WASHINGTON, Tyne and Wear NE37 3HS. Tel: Washington 463591 Telex: 537210 DC WASH G



INTL. COMPANIES and FINANCE

Earnings rise sharply at Can Pac Investments

NET income at Canadian Pacific Investments (CPI), the non-rail holding company of the Canadian Pacific group, rose by 60 per cent to C\$290.3m or \$4.72 a share, in the first nine months of the financial year...

but the general insurance subsidiary had lower income because of strong competition. Income from the main oil and gas subsidiary was also down slightly. Higher earnings from Marathon Realty Company reflected property sales and a rise in building and land rentals.

Quadrupled profits from Okuma

CURRENT PROFITS at Okuma Machinery Works, one of Japan's fast expanding manufacturers of numerically controlled lathes, increased 4.6 times in the first half of the financial year to reach ¥2,330m (\$9.4m). Net profits for the six months to September were up fourfold to ¥1,548m, while sales rose 42.5 per cent to ¥15,860m (\$67m).

Come-by-Chance deal talks suspended

PROTRACTED negotiations between the receiver for the bankrupt Come-by-Chance oil refinery in Newfoundland and First Arabian Corporation, a Luxembourg-based company controlled by Kuwait and other Middle East interests have been ended for the time being.

Mixed results for insurance majors

CONNECTICUT General Insurance, one of the largest U.S. insurance companies has reported a drop in third quarter earnings from \$73.5m to \$63.7m, while one of its main rivals, Travellers Corporation, has disclosed third quarter income up from \$95.9m to \$113.5m.

Breda cancels dividend

MILAN - Breda Finanziaria has cancelled its dividend as expected after a sharp drop in profit but has reported a one-third increase in its order backlog.

Rights issue by APPM

ASSOCIATED PULP and Paper Mills, Australia's only maker of fine paper, plans to raise A\$10.1m (US\$1.1m) through a one-for-five rights issue.

CURRENCIES, MONEY and GOLD

Table with columns: Gold, November 2, November 1. Rows include Gold Bullion (fine ounces), Gold Coins, Kruggerand, Maples, New Sovereigns, etc.

Table with columns: Other Markets, Nov. 2, Nov. 1. Rows include Argentina Peso, Australia Dollar, Brazil Cruzeiroiro, etc.

Table with columns: THE DOLLAR SPOT AND FORWARD, Nov. 2, Nov. 1. Rows include UK, Ireland, Canada, etc.

Table with columns: EURO-CURRENCY INTEREST RATES, Nov. 2, Nov. 1. Rows include 3 month term, 6 month term, etc.

Table with columns: THE POUND SPOT AND FORWARD, Nov. 2, Nov. 1. Rows include U.S., Canada, Netherlands, etc.

Table with columns: LONDON MONEY RATES, Nov. 2, Nov. 1. Rows include Overnight, 7 days notice, etc.

Table with columns: CURRENCY RATES, Nov. 2, Nov. 1. Rows include Sterling, U.S. Dollar, Canadian Dollar, etc.

Table with columns: CURRENCY RATES, Nov. 2, Nov. 1. Rows include Bank of England, Special Drawing Rights, etc.

Table with columns: CURRENCY RATES, Nov. 2, Nov. 1. Rows include Sterling, U.S. Dollar, Canadian Dollar, etc.

Heathrow faces more congestion THE LONDON Chamber of Commerce and Industry has criticised Government's 'indecision' over the proposed fourth terminal at Heathrow airport.

Brewers hit by disputes BEER production in September was 1.4 per cent down over the same month last year at 3,346m bulk barrels. But output in the first nine months of the year was 2 per cent up at 30,748m bulk barrels over the same period last year.

Grand Met in Greek deal GRAND METROPOLITAN Hotels and Touristik Georgiki Exagogeiki, the building company, was initiated by Citicorp International Bankers. Mr. Daras Behrman, the bank's vice president, acted as financial adviser to Mr. J. C. Carras, owner of the complex.

Peterborough appointment Mr. Jeremy Rowe, chairman of London Brick, has been appointed to board of Peterborough Development Corporation. This company has wide spread interests in the area.

Osteopaths back the bike COLLO Dove, spokesman for the General Council and Register of Osteopaths, launched the organisation's promotion of cycling with the slogan "Back the bike for your back."

Salisbury flights planned BRITISH CALEDONIAN plans to introduce a twice-weekly service between London and Salisbury, Zimbabwe-Rhodesia, as soon as a constitutional settlement is agreed.

Table with columns: Data, Announcement, Date, Date. Rows include ANZ, Air Inds., Armitage, Assoc. Snt., Avon Rubber, etc.

LOCAL AUTHORITY BOND TABLE

Table with columns: Authority, Annual Interest, Minimum, Life, % Yield, £ Year. Rows include Barnsley, Bradford, Burnley, etc.

INSURANCE BASE RATES

Table with columns: Property Growth, Vanbrugh Guaranteed, etc.

RECENT ISSUES

Table with columns: Issue, Price, Bid, Ask, Stock, etc. Rows include 185 F.P., 186 F.P., etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Bid, Ask, Stock, etc. Rows include 100 F.P., 101 F.P., etc.

"RIGHTS" OFFERS

Table with columns: Issue, Price, Bid, Ask, Stock, etc. Rows include APL56, 40 F.P., etc.

Salisbury flights planned

BRITISH CALEDONIAN plans to introduce a twice-weekly service between London and Salisbury, Zimbabwe-Rhodesia, as soon as a constitutional settlement is agreed.

For the convenience of readers the dates when some of the more important company dividend announcements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasized that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

Table with columns: Authority, Annual Interest, Minimum, Life, % Yield, £ Year. Rows include Barnsley, Bradford, Burnley, etc.

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Salisbury flights planned

BRITISH CALEDONIAN plans to introduce a twice-weekly service between London and Salisbury, Zimbabwe-Rhodesia, as soon as a constitutional settlement is agreed.

PLANT & MACHINERY SALES

- 1) ROLLING MILLS 20in x 30in x 350 h.p. Two High Reversing Mill. 5in x 12in x 10in wide variable speed Four High Mill. 3.5in x 8in x 9in wide variable speed Four High Mill. 10in x 16in wide fixed speed Two High Mill. 10in x 12in wide fixed speed Two High Mill. 6in x 16in x 20in wide Four High Mill. 2) CUT/LENGTH LINE 1,500 mm x 35 mm x 15 Ton Coil. CUT/LENGTH LINE 1,000 mm x 2 mm. CUT/LENGTH LINE 750 mm x 3 mm. CUT/LENGTH LINE 400 mm x 3 mm. WIRE FLATTENING AND NARROW STRIP ROLLING MILL two stand by R.W.F. 10in x 8m rolls. SLITTING LINE 920 mm x 10 ton coil by Cam. SLITTING LINE 300 mm x 1 ton coil by Cam. SLITTING MACHINES 36" and 48" by Weybridge. 250 h.p. REVERSING MILL, 20in x 30in rolls. Farmer Norton. PLATE SHEAR 4 ft x 1in Cincinnati. GUILLOTINE 8ft x 0.125in Pearson. 13in F1CEP SCRAP SHEAR, 75 x 1,150 and 1,850 mm wide. SHEET LEVELLING ROLL, 72in, 1,150 and 1,850 mm wide. HYDRAULIC SCRAP Baling Press, Fielding & Platt. FORGING HAMMER 3 cwt. slide type, Mastoy. VERTICAL WIRE DRAWING BLOCKS 24in dia. x 25 h.p. Farmer Norton. AUTOMATED COLD SAW, non ferrous. Noblo & Lund. WIRE DRAWING MACHINE 6 BLOCK (22in). Marshall Richards. 1972 WIRE STRAIGHTEN AND CUT-TO-LENGTH MACHINE. Max capacity 10 mm dia. m.s. HORIZONTAL DRAW BLOCK 36in Farmer Norton. WIRE DRAWING MACHINE 9 DIE cone type, Unity. WIRE DRAWING MACHINE 15 DIE cone type, Marshall Richards. COMPLETE BICYCLE RIM MANUFACTURING PLANT for disposal, capacity 300 rims per hour. 4500 CFM ATMOSPHERE GENERATOR (nitrogen by incandescence for disposal).

WICKMAN 1" 6SP AUTOMATIC. Spindle stopping, cross drill and index to maker's limits. Excellent. WICKMAN 1 1/2" 6SP AUTOMATIC. Rebuilt to maker's limits. WICKMAN 2" 6SP AUTOMATIC, reconditioned to maker's limits. NEW BRITAIN 6SP AUTOMATIC 1". Rebuilt. CONOMATIC 1 1/2" 6SP. Rebuilt to maker's limits. CONOMATIC 3" 6SP, reconditioned to maker's limits. CINCINNATI CENTRELESS GRINDER, reconditioned. Excellent. M-KAY 8" WIDE SHEET METAL PROCESSOR. UPSET FORGING MACHINE 750 TONS capacity 4in dia. BARBER & COLMAN HOBBER 16-16. Almost New Condition. BURGMASTER TURRET DRILL 6 spindle, capacity 1". Excellent. JUNG C8 INTERNAL GRINDER. Rebuilt. Excellent. DELAPENA VERTICAL HONER, 6in dia. Excellent. PETER WOLTERS DOUBLE DISC LAPPER, 32in dia. Reconditioned. RHODES 80 TONS PRESS, adj. stroke, roll feeds. As New. HME 100 TONS KNUCKLE PRESS. As New. HME 200 TONS PRESS TYPE C28, roll feeds. Excellent. WIEDMANN TURRET PRESS, 18 station, 28" x 40". Rebuilt. 200 TONS SCHULER HIGH SPEED PRESS, 200 spm. Excellent. NATIONAL COLD HEADERS 1 1/2" x 1 1/2" dia. Second, Excellent. 1500 TONS CLEARING DOUBLE ACTION PRESS, bed 180" x 96". LUMSDEN GRINDER, vertical spindle capacity 84" x 24".

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS-contd. Schrodler Life Group, Enterprise Funds, etc. Sumsel Mountain Ltd. Agents, 114, Old Broad St., E.C.2. 01-588 6664. H. Henry Schrodler Wagg & Co. Ltd., 20, Cannon St., E.C.4. 01-589 4000. Sundry Assurance International Ltd., P.O. Box 1776, Hamilton 5, Bermuda. 328-2100. TSB Gift Fund Managers (C.I.) Ltd., 20, Water St., St. Helier, Jersey. 0534 7344. Tokyo Pacific Holdings N.V., 100, Water St., St. Helier, Jersey. 0534 7344. Tokyo Pacific Holdings (Overseas) Ltd., 100, Water St., St. Helier, Jersey. 0534 7344. Tokyo Pacific Holdings (Overseas) Ltd., 100, Water St., St. Helier, Jersey. 0534 7344.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst Mgrs (a), Alen Harvey & Ross Unit Trst Mgrs, Allied Hambro Group (a)(g), and others, with columns for name, address, and contact details.

Table listing unit trusts under 'E. F. Winchester Fund Mgmt. Ltd.', 'Mercury Fund Managers Ltd.', 'Midland Bank Group Unit Trust Managers Ltd.', and others, including details like '100 Wood Street, E.C.2'.

Table listing unit trusts under 'Target Trst. Mgrs. Ltd. (a)(g)', 'Tower Unit Trust Mgmt. Ltd.', 'Transatlantic and Gen. Secs. (a)(g)', and others, including details like '19, Abol Crescent, E.C.2'.

Table listing unit trusts under 'Commercial Union Group', 'Confederation Life Insurance Co.', 'London A'Leen & Nils. Mtd. Assur. Ltd.', and others, including details like '129 Kingsway, London, W.C.2'.

Table listing unit trusts under 'Scottish Widows' Group', 'Shandell Life Assurance Co. Ltd.', 'Solar Life Assurance Limited', and others, including details like 'P.O. Box 202, Haverhill, Essex'.

Table listing unit trusts under 'Capital International S.A.', 'Charterhouse Amphib', 'Deutsche Investment Trust', and others, including details like '37 rue Notre-Dame, Luxembourg'.

NOTES: Prices are in pence unless otherwise indicated. Yield % shown in last column allows for all taxing... Information is given in good faith but is not intended to constitute an offer of any investment...

INSURANCE PROPERTY BONDS

Table listing insurance and property bonds under 'Abbeys Life Assurance Co. Ltd.', 'Albany Life Assurance Co. Ltd.', 'Bechtel Life Assurance Co. Ltd.', and others, including details like '1, 3-5, Paul's Churchyard, E.C.4'.

OFFSHORE OVERSEAS FUNDS

Table listing offshore and overseas funds under 'Alexander Fund', 'Allen Harvey & Ross Unit Trst Mgrs (a)', 'Arthurson Securities (C.I.) Limited', and others, including details like 'P.O. Box 224, St. Helier, Jersey'.

Continued on previous page

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Machine Tools Marine
Education and Science
Projects
Head Office: 20 Park Street, London W1.
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FT SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Japan Gov. Bond', 'UK Gov. Bond', etc.

BANKS & HP—Continued

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Bank of America', 'HSBC', etc.

CHEMICALS, PLASTICS—Cont.

Table with columns: Stock, Price, % Change, etc. Includes entries like 'ICI', 'Dow Chemicals', etc.

ENGINEERING—Continued

Table with columns: Stock, Price, % Change, etc. Includes entries like 'BHP', 'Caterpillar', etc.

FOOD, GROCERIES—Cont.

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Unilever', 'Nestle', etc.

HOTELS AND CATERERS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Hilton Hotels', 'Intercontinental', etc.

INDUSTRIALS (Misc)

Large table with columns: Stock, Price, % Change, etc. Includes entries like 'Shell', 'BP', 'British Petroleum', etc.

AMERICANS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'IBM', 'General Electric', etc.

BEERS, WINES AND SPIRITS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Guinness', 'Heineken', etc.

BUILDING INDUSTRY, TIMBER AND ROADS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Balfour Beatty', 'Hillier Smith', etc.

DRAPERY AND STORES

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Debenhams', 'Next', etc.

ELECTRICALS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Siemens', 'ABB', etc.

CANADIANS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Imperial Oil', 'Northern Telecom', etc.

BANKS AND HIRE PURCHASE

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Bank of Montreal', 'CIBC', etc.

BRITISH FUNDS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Fidelity', 'Investment Company of London', etc.

INTERNATIONAL BANK

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Citibank', 'Deutsche Bank', etc.

COMMONWEALTH & AFRICAN LOANS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'African Development Bank', etc.

LOANS

Table with columns: Stock, Price, % Change, etc. Includes entries like 'Public Board and Ind.', etc.

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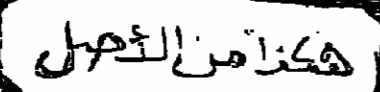
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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, dividends, and other financial metrics.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity, Commercial Union Assurance, and Overseas Assurance.

PROPERTY—Continued

Table of property stocks including companies like British Land, Anglo-Scottish, and Commercial Union Assurance.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture, Anglo-Scottish, and Commercial Union Assurance.

FINANCE, LAND—Continued

Table of finance and land stocks including companies like British Venture, Anglo-Scottish, and Commercial Union Assurance.

OILS

Table of oil stocks including companies like Shell, British Petroleum, and ICI.

MINES—Continued

Table of mining stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

LEISURE

Table of leisure stocks including companies like British Venture, Anglo-Scottish, and Commercial Union Assurance.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Venture, Anglo-Scottish, and Commercial Union Assurance.

SHIPPING

Table of shipping stocks including companies like British Venture, Anglo-Scottish, and Commercial Union Assurance.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Venture, Anglo-Scottish, and Commercial Union Assurance.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Venture, Anglo-Scottish, and Commercial Union Assurance.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like British Venture, Anglo-Scottish, and Commercial Union Assurance.

MISCELLANEOUS

Table of miscellaneous stocks including companies like British Venture, Anglo-Scottish, and Commercial Union Assurance.

INSURANCE

Small table of insurance stocks.

PROPERTY

Small table of property stocks.

TRUSTS, FINANCE, LAND

Small table of trusts, finance, and land stocks.

FINANCE, LAND, etc.

Small table of finance, land, and other stocks.

FINANCE

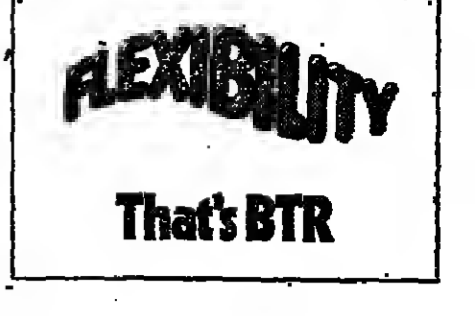
Small table of finance stocks.

DIAMOND AND PLATINUM

Small table of diamond and platinum stocks.

OPTIONS

Small table of options.



CENTRAL AFRICAN

Table of Central African stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

AUSTRALIAN

Table of Australian stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

TINS

Table of tin stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

COPPER

Table of copper stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

NOTES

Notes section providing additional information and commentary on the market.

TEAS

Table of tea stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

MINES

Table of mining stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

CENTRAL AFRICAN

Table of Central African stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

EASTERN RAND

Table of Eastern Rand stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

FAR WEST RAND

Table of Far West Rand stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

O.F.S.

Table of O.F.S. stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

FINANCE

Table of finance stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

OPTIONS

Table of options including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

3-month Call Rates

Table of 3-month call rates including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

RECENT ISSUES AND RIGHTS

Table of recent issues and rights including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

REGIONAL MARKETS

Table of regional markets including companies like Anglo-American, Anglo-Scottish, and Commercial Union Assurance.

A FORCE IN THE LAND for Property Sales - Grimley & son

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Further EEC court move to stop lamb ban expected soon

BY MARGARET VAN HATTEN IN LUXEMBOURG

THE EEC COMMISSION is expected to open further court proceedings against the French Government this week, possibly seeking an immediate temporary injunction to prevent further import curbs on British lamb...

British taking a particularly hard line against French demands that the Community finance help for their sheep farmers. The Commission and the other seven member states have softened considerably towards the French within recent weeks...

Secret reserves theory backed

By Michael Lafferty, Banking Correspondent

SUPPORT FOR the view that the annual accounts of the clearing banks contain secret reserves, in breach of the Companies Act, has come from a confidential internal clearing bank report.

THE LEX COLUMN P & O empties its oil tanks

Seasoned observers of the oil scene are full of admiration for the high price that P & O has won for the sale of its U.S. oil and gas interests. The takeover deal fixed with Eagle Star on Friday night gives them 650p a share in cash...

Microchip support scheme cut

BY JOHN LLOYD, INDUSTRIAL STAFF

THE CASH allocation for the Microelectronic Industry Support Programme (MISP) has been cut by at least £15m, and possibly £25m. The programme was set up by the last Government with a £70m budget to encourage the development and use of semi-conductors.

Government support. The U.S. company, National Semiconductor, is also likely to receive aid of about £7m for its £50m expansion programme to Greenock, where it has a small semiconductor plant. Much of that aid, however, will come from money available under Section 7 of the Industry Act...

Labour centre shuns 'monitoring'

BY RICHARD EVANS, LOBBY EDITOR

MODERATE LABOUR leaders yesterday sharply rejected the latest attempts by militant Left-wingers to exert substantial control over Cabinet members and MPs on the party's return to office.

Weather

UK TODAY SHOWERS, heavy and blustery in places. London, E. England, Midlands, Shetland, Orkney, mainly dry. Max. 12C (54F). S.E. S.W. Cent. S. England, Channel Isles...

Howe abandons plan to remove tax changes from Finance Bill

BY DAVID FREUD

CONSERVATIVE plans to remove technical tax changes from the Finance Bill and introduce them in a separate taxes management bill, have been dropped following opposition from the Inland Revenue. The Finance Bill puts the Budget into legislative terms.

Hunterston port

Continued from Page 1

Authority were in attendance. The arrangement appears simply to repeat those at the Glasgow Terminal Quay, which Hunterston replaces. It represents something of a climbdown for the Transport Workers, although they argue that their position would be fully secured if Hunterston is made a full port—the union's principal concern.

CBI

Continued from Page 1

Profits and Jobs the CBI demonstrates the basis on which it is forecasting that corporate profitability will fall to below 2 per cent next year, judging by past relationships between profitability and investment.

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Hunterston port

Continued from Page 1

ments for handling traffic will operate. The agreement was made in discussions between Mr. Bill Sims, general secretary of the steel union and Mr. Alex Kitson, deputy general secretary designate of the Transport and General Workers' Union, together with other national and local officials. Officials of the corporation and the Clyde Port Authority were in attendance.

Weather

UK TODAY SHOWERS, heavy and blustery in places. London, E. England, Midlands, Shetland, Orkney, mainly dry. Max. 12C (54F). S.E. S.W. Cent. S. England, Channel Isles...

Worldwide weather table with columns for location, Yday, and Yday midday.